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Criticized in Parliament, Murayama Admits Muddle In Supplying Quake Relief

ighm Post Service TOKYO - The flames are finally out in Kobe, but the earthquake that devastated the city this week sparked a political fire on Friday over the government's response to the tragedy.

The Diet, or Parliament, opened its regular winter session Friday, and opposition party members immediately criticized

Production across Asia has been slowed or stopped because of the quake. Page 9.

Prime Minister Tomiichi Murayama for delays and indecision in getting rescue workers and supplies to the scene. The earthquake, which struck before

dawn Tuesday, killed more than 4,400 peo-ple and injured 23,600, making it Japan's worst disaster since World War II. About 300,000 people are homeless. "What do you think 'management'

means?" shouted one legislator, Yoshihiro Nikai, when Mr. Murayama stood up to talk about the tragedy. "Why didn't you send in rescue teams immediately from around the country?"

Mr. Murayama, 70. who has sounded increasingly defensive as criticism has mounted, struggled to get out an answer over the jeers and shouts of the opposition.

"It was the first time this kind of thing has happened," he said, a comment that drew vociferous jeering in a country that has earthquakes of various magnitudes every day. "And it happened so early in the morning. I think there was a lot of confu-

(Despite the mounting criticism, some analysts said the crisis offered Mr. Murayama a new political lease on life. Page 4.)

The government response to the quake has become a key issue here as people ask how this enormously wealthy country could leave hundreds of thousands of people with minimal food and water for days, while normal lives went on in surrounding cities less than 30 kilometers from Kobe.

One reason is that the damage was so enormous in the most-affected central city areas that emergency supplies could not be delivered. Even as cleanup and repair work moved ahead around the clock, however,

residents of certain Kobe neighborhoods still faced severe shortages.

In fact, about a million people who had been getting running water at home even after the earthquake were cut off Friday. The federal Health and Welfare Ministry said the water supply was shut off to a large number of homes on Friday to help

speed the repair of pipes. The Japanese government response got at least indirect support from the U.S. ambassador, Walter Mondale, who said that criticism of government follows al-

most every disaster in every country. "I defy anybody to look good with a tragedy like this which is a major national disaster," he said in a broadcast interview.

"I think it's easy to criticize," he added. "It's another thing to get everything you need right away on the ground when communications and everything else is interrupted. I think a little common sense here is in order.

Many people in Kobe agree that the tragedy was so huge that rescue and reclamation work would naturally take time. But Mr. Murayama also faced some criticism from Kobe residents when he toured the devastated neighborhoods on Thurs-

News agencies reported: Doctors warned of looming epidemics of disease among victims of the quake, who are faced with inadequate sanitation, lack of water and food, and freezing tempera-

Garbage collection has been suspended. and huge mounds of trash are accumulating on the streets. Many sewer lines are

Before the water system was shut down to most of Kobe on Friday, refugees had collected water in plastic containers from

With 300,000 people packed into makeshift shelters or living in tents or automobiles, doctors said that a flu epidemic, or worse, was possible.

We are very worried about a flu epidemic, especially among children." said Shunichi Fukuda, spokesman for the Kobe City Central Citizen's Hospital. "There are already a lot of children with fevers."

Naoto Sato, a Kobe city official, said as See JAPAN, Page 6



A Grozny couple, their apartment destroyed overnight by Russian fire, pausing Friday after loading a truck to leave.

Mexico Bailout Reopens Old Divisions On Capitol Hill, Trade Pact Opponents Sharpen Their Knives

By David E. Sanger New York Times Service

WASHINGTON -A month ago, the White House was celebrating the first anniversary of what it called one of its greatest legislative and foreign-policy successes: the hard-fought passage of the North American Free Trade Agreement, which President Bill Clinton argued would create tens of thousands of highpaying jobs for American workers producing exports for a vibrant Mexican

Now, battling the new Congress over a plan to rescue Mexico from an economic disaster of that country's own making, Mr. Clinton has been forced to confront the ugly truth that economic interdependence is a two-edged sword.

If the Mexican financial system is almay be taken down with it.

And to the horror of many in the White House, what began as a straightforward financial bailout is reopening the trade-agreement battle, this time in a more hostile and more isolationist Con-

Many members in both parties see this as a chance to win concessions from

few view it as a prime opportunity to undo the entire accord.

One by one, the trade agreement's

opponents have re-emerged in recent

days.

They argue that the United States would be compounding its first error —

NEWS ANALYSIS

free trade with a country that undercuts American businesses by keeping its wages artificially low and that floods Texas and California with illegal immigrants — by using taxpayer dollars to rescue Mexico's economy from the ineptitude of its own leaders.

The result, they say with an 1-told-you-so tone, will be a bailout of rich

Mexico and lost. The truth is more complicated, of course: Mexico would probably be in

Mexican and rich American investors

who gambled on a miraculous ascent for

this fix even if the trade accord had never been invented, and while the rich who bought Mexican bonds would be bailed out, so would many decidedly middleclass Americans who have learned in the last year through a panoply of international mutual funds that an emerging market is frequently not a rising one. But on Capitol Hill, where liberal Democrats who did not like what the trade agreement did to labor are once again teaming up with conservative Re-

See MEXICO, Page 6

lowed to collapse, he said earlier this week in a speech with carefully calibrat. Clinton Urges Loan Guarantee Approval

Faced with a revolt in Congress over his \$40 billion package of loan guaran-tees for Mexico, President Bill Clinton called on lawmakers Friday to "do the right thing" and approve the plan.

Mr. Clinton's comments came after the House speaker, Newt Gingrich, warned that the plan was in trouble. He said that "confusion and disarray" among Democrats had delayed a vote on Mexico they could not get in 1993, and a the \$40 billion guarantee. "It's not our

fault that this administration does not seem to be able to get its ducks in a row,"

Mr. Gingrich said. Within minutes of the speaker's comments on Friday morning, the Mexican stock market dropped by about 2.5 percent, before recovering by about 1 percent by midday as reassuring remarks came from Mr. Clinton and senior economic officials in his administration.

Peso Collapse Scars Latin Economies

By Erik Ipsen ternational Herild Tribune

LONDON - From Tierra del Fuego to the Rio Grande, Latin America's economies will grow much slower than expected following the collapse of the Mexican peso, economists say.

And even the new, more pessimistic predictions may be rendered wildly optimistic by the mounting political opposi-tion on both sides of Mexico's northern border to the proposed \$40 billion U.S. support package for the peso, according to interviews with specialists.

As most Latin American bond and

equity markets echoed to the sound of feet racing for the exits, analysts were predicting an unexpectedly difficult year

"Mexico changed the mood in Latin America," observed Walter Molano, a Latin American economist at CS First Boston in New York, who predicted significant declines in the flow of foreign funds into the region. "One of the withdrawal symptoms will be lower levels of

The Latin American component of the International Herald Tribune world stock index has fallen over 25 percent

since Mexico devalued its peso in late

December. Economists said that the Mexican crash also had raised grave questions about several tenets of what was once referred to as the Mexican model of

economic reform. First, Mexico has demonstrated the dangers of pegging a currency to the dollar as a brake for domestic inflation. In the case of the peso, that has now been seen as the cause of a disastrous over-

Secondly, and even more troubling, See PESO, Page 6

Rebels Show No Signs of Surrender In Chechnya

Grozny Still Contested Despite the Continuing Onslaught by Russians

By Lee Hockstader

GROZNY, Russia - A day after losing control of their main stronghold, the presidential palace. Chechen fighters were showing no signs Friday of giving up their

Fight.

Although the loss of the palace represented a symbolic defeat for the Chechens, the immediate military situation on the ground in Grozny was not greatly altered by it.

Russian jets screamed low over Grozny, firing rockets. There were signs of more violence to come. Russian helicopter gunships buzzed the city center with loud-speakers, warning the Chechens to give up

or face a new onslaught. The rebels, having withdrawn by a mile or so from the palace, are still in control of a large wedge of southern Grozny. Their ammunitions stock, including tank-killing. rocket-propelled grenades, appeared plen-

tiful and their morale seemed strong. The government press center in Moscow said that the Chechen rebels were fighting back with astonishing fanaticism and that there were cases of Chechen suicide fight-

ers blowing themselves up. To the south of Grozny, small Chechen villages in the mountains are preparing for what some promise will be a long guerrilla war. Chechen villagers say they have mined some bridges and overpasses along the winding mountain roads, in case Russian transfer of the same properties.

sian tanks try to cross them. Arms and ammunition are being stockpiled. [Fighting broke out on Friday night near the town of Khasavyurt, a previously peaceful area in the ethnic republic of Dagestan near Chechnya's eastern border. Reuters reported. Witnesses told the news agency that tracer bullets lighted the night

sky and bursts of machine-gun fire could be heard around Khasavyurt, just a few miles from the border with Chechnya.] "The Chechen people are getting used to bombing, rocket and Grad missile attacks," a defiant Dzhokar Dudayev, the Chechen leader and former Soviet Air rorce general, said in a clandesijne

conference early Friday. "They frighten nobody, not even children, and they are preparing to send the grief back where it That message was at odds with the con-

fident tone taken by senior officials in Moscow, who announced that the war was all but over.

In an official statement Thursday after the Russian capture of the palace had been announced, President Boris N. Yeltsin said the military stage of the Chechen crisis "has been practically completed."

The government would now start to rebuild the infrastructure and economy of Chechnya, Mr. Yeltsin said, and to defend human rights in the republic "on a full

But the Chechens plainly are prepared for more heavy combat.

The capture of the presidential palace owed nothing to Russian troops on the ground. The building was vacated by the Chechens early Thursday after having been devastated by a pair of tremendous Russian bombs, which penetrated several stories and exploded in the basement.

According to senior Chechen command-ers, the rebels were able to retreat from the

See RUSSIA, Page 6

Republicans Are 'in a Box' Over North Korean Accord

By Thomas W. Lippman

Washington Post Service
WASHINGTON — Senate Republicans have begun their party's assault on the U.S.-North Korea nuclear agreement. denouncing its substance and questioning its cost, but grudgingly acknowledging that there is not much they can do about it.

The agreement, reached in October between the Clinton administration and the North Korean government, calls for the United States to establish diplomatic rela-

tions with North Korea and help it acquire "very badly flawed and unacceptable" betwo nuclear power plants in exchange for termination of North Korea's nuclear zarre, Orwellian regime. weapons development program.

Pushing ahead with a cautious thaw in relations, the State Department announced a partial lifting of economic sanctions against North Korea on Friday, The Associated Press reported from Washing-

Senator John McCain, Republican of over the next month. No matter how much cizona, said the nuclear agreement was Congress dislikes the accord, he said. "if Arizona, said the nuclear agreement was

cause it prolonged the existence of "a bi-

But he said he could not think of any way out of it.

"The administration has put us in a box." Mr. McCain said Thursday at a Senate Energy Committee hearing, the first of several scheduled in both houses

we refuse to fund it, we can be accused of

breaking it." The president made commitments." said Senator Frank H. Murkowski. Republican of Alaska, the committee chairman. "I don't believe we should renege on those commitments.

But Mr. Murkowski offered a long list of questions signaling his dissatisfaction:

• Why didn't the administration get

See KOREA, Page 6

Kiosk

10 Die When Small Jet Crashes at Airport Outside Paris

were killed Friday when an executive jet made an emergency landing in flames at Le Bourget airport north of here, rescue

The plane, a Mystère Falcon 50, crashlanded as it tried to return to the runway

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PARIS (AFP) - All 10 people aboard after an engine caught fire, rescue officials said. Aviation authorities said all seven passengers and three crew members on the plane were killed. The aircraft smashed into the main runway, scattering debris over several hundred meters, and burned there. The

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plane's flight plan indicated that it was bound for Romania. Bernard Dumon, chairman of the big French food group Saint-Louis, and sev-

eral other senior executives of the com-

pany were among those killed, a Saint-

Louis spokesman said.

Drawings by Fra Bartolommeo, a Florentine master, are on display at the Louvre.

Book Review Page 4. Crossword Page 19. Page 20. International Classified .

Roman Rumors Can't Kill Eternal Kitty on her way to work. "I don't believe in this

By Celestine Bohlen New York Times Service

ROME - It doesn't take much to stir Rome's gattare, the dedicated army of cat ladies who feed the 200,000 wild cats that live in the city's ancient monuments.

So when a recent article in a popular Roman newspaper shocked local pet owners with the news that an AIDS-like virus was on the rise among Roman strays. Elena Bruni was indignant. She took the teport as a slur against her charges, a mangy mélange of cats that haunt the empty arches of the Teatro di Marcello. across the street from the cafe-bar she and

her family own. There have always been sick cats, just as there have always been healthy cats, used there have always been healthy cats, said Mrs. Bruni, a carefully coiffed 68year-old who every day for more than 30 years has provided scraps and canned food to three cat colonies lucky enough to live AIDS business. Before, we said they had a cold; now it's called AIDS." The article, in Il Messaggero, was care-

ful to point out that the virus, feline leukemia, posed no threat to humans. But its headline, "Roman Cats, Be on Guard Against Infection: Veterinarians Sound the Alarm," was enough to send phones ringing off the hooks at veterinary clinics around the city.

The uproar prompted Monica Cirinna, a city councilor who heads the Rome office of Animal Rights, to go on television to reassure panicky pet owners. But just as she feared, it was too late for some domestic cats. The morning after the article appeared, nine new cats were abandoned at the Protestant Cemetery, known as the burial place of Keats but also home to 250 cats, one of the largest colonies in Rome. One veterinarian estimated that 10 percent of the city's 100,000 house cats were abandoned because of the article.

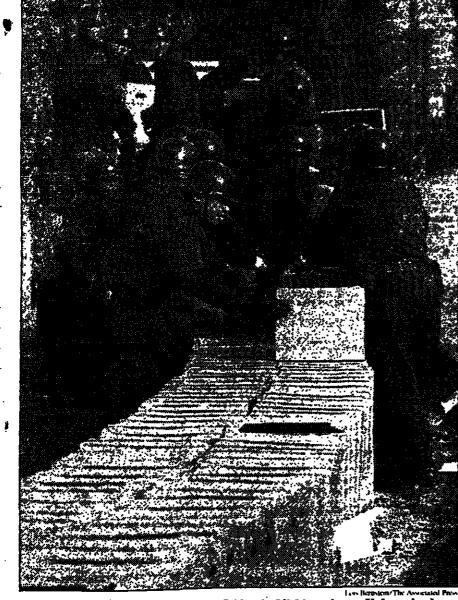
"This article was very damaging, and it caused us some terrible days," said Ms. Cirinna, speaking in a cubbyhole of an office tucked behind the cupola of the former St. Rita Church, now used by the

city as an exhibition hall.

If Rome's cats had a vote — and they already have a long list of rights — they would surely elect Ms. Cirinna, a 31-yearold lawyer, as their representative. As it is, she was elected to the city council as a member of the Green Party and has been assigned the task of overseeing Rome's remarkable animal-rights law, adopted in

Under the law, and in the model for national legislation now being adopted in other Italian cities, wild cats are guaran-

See CATS, Page 6



Japanese soldiers unloading water Friday in Nishinomiya, a Kobe suburb.

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New Irish Government Reports Peace Talks Progress

By James F. Clarity New York Times Service

DUBLIN — Acknowledging that there were still many problems to solve, officials of the five-week-old government of Prime Minister John Bruton say that the Northern Ireland peace effort appears to be making significant progress, particularly on the highly sensitive issue of the disarmament of the Irish

Republican Army. In addition to the disarmament issue, which is under discussion between British officials and those of the IRA's political wing, Sinn Fein, the Irish officials say that Dublin and London are close to an agreement on a new framework for broad peace negotiations

involving all sides.

British officials are less sanguine on the imminence of a framework document. But the Irish foreign minister, Dick Spring, and the British secretary for Northern Ireland, Sir Patrick Mayhew, are to discuss it this coming

The Irish officials, and independent analysts, say that the disruption in Irish politics that resulted in the ouster of Albert Reynolds as prime minister in December has not slowed the effort to find a peaceful settlement to the 25-year-old state of guerrilla warfare in the British province.

The immediate goal of the Irish and British governments is to create conditions in which Sinn Fein would participate in full-fledged peace talks with the governments and with the other political parties in the North. Those include Roman Catholic nationalists, who want the province to become part of the Irish Republic, and Protestant unionists, who want

it to remain part of Britain.

During the political chaos here last month,
Mr. Reynolds had warned that his removal
would endanger the peace process, which
even his political enemies concede he did much to advance.

But, analysts say, there is so far no evidence that the process is crumbling.

Sean Donlon, a former ambassador to the United States who is now Mr. Bruton's chief adviser on the North, began work this past week. Although he has a reputation for hostility to the IRA and Sinn Fein, those groups have not attacked him publicly and have indicated they will work with him.

Mitchell McLaughlin, a senior Sinn Fein official, told the Belfast Telegraph: "John Bruton is reflecting a different attitude in government than he did in opposition. It's early days, but our experience is that we have as good contacts, if not better in some respects, as we had in the previous administration. We have no complaints. Clearly Mr. Bruton is making a genuine effort."

Officials involved in the disarmament issue have not publicly suggested how it might be solved. Britain is not insisting that the IRA surrender its entire arsenal, estimated at 100 tons of weapons, including explosives. But Britain is apparently adamant that there be verifiable destruction of the explosive Semtex, which has been used to kill and destroy property in Britain, as well as in Northern

Three years ago, the IRA sent letters to major European companies suggesting, if not warning, that it was able to bomb their offices in London. One way to verify destruction of explosives would be to have neutral experts witness it. These could come from the United Nations, the United States or another European country such as Norway.

■ 2 Jailed for Bombing Plan

Two men were jailed Friday for plotting an IRA bombing campaign in Britain, Reuters reported from London.

Robert Fryers and Hugh Jack were found guilty of planning a bombing campaign in 1993 for the IRA. They were caught before planting any bombs. High Court Judge Ann Ebsworth sentenced Mr. Fryers to 25 years and Mr. Jack to 20 years in jail.

Cease-Fire

Is Close to

Crumbling

In Bosnia

SARAJEVO, Bosma-Herze-

govina — Heavy fighting in northwestern Bosnia, worse

than any during the past week, threatened Friday 10 wreck a

crumbling cease-fire and push the combatants closer to re-

United Nations observers in

the northwest counted 52 ex-

plosions on Friday and more

than 800 on Thursday south of

Velika Kladusa. The town near

the Croatian border has been a

chronic trouble spot during the

truce that went into effect Jan. I

and was meant to last four

It was not clear who was fir-

The truce is far from being

implemented. Bosnian Serbian

turned to the sporadic fighting

and pressure tactics seen throughout the war.

Other provisions of the truce

have been ignored. The Bosnian

Serbs reneged on a pledge to reopen a road connecting Sara-

jevo with government-con-trolled central Bosnia. Govern-

ment forces ignored a pledge to

leave a demilitarized zone on

Mount Igman, near Sarajevo.

all of former Yugoslavia, trav-

eled to the Bihac area Friday to

In Sarajevo, high-ranking of-

try to cement the cease-fire.

ing. Velika Kladusa is in an area

where Croatian Serbs and rebel

lim-led government forces.

newed full-scale warfare.

France Plays Down Its Language Plan, **Under Attack in EU**

STRASBOURG, France -The battle to maintain the European Union's linguistic web began in earnest this week when members of the European Parliament attacked a French plan to reduce the number of EU working languages from 11 to 5.
As members from Austria,

Finland and Sweden joined the Strasbourg-based assembly for the first time since the bloc was expanded on Jan. 1, France sought to play down earlier sug-gestions that the EU's daily work should be confined to English, French, German, Spanish and Italian.

"France has not made and will not make such a proposal" during its current six-month presidency, France's European affairs minister, Alain Lamassoure, said in a letter.

But members from countries with lesser-known languages are taking the threat seriously. fearing that the idea could re-emerge in a scheduled 1996 review of the EU's workings.

Nana Mouskouri, the Greek singer and a member of the Parliament, who sings and speaks six languages fluently, took up the matter with Foreign Minis-

ter Alain Juppé of France. "She expressed the hope that Mr. Juppe would support the maintenance of all the languages of the member states." she was quoted as saying in a

Her colleague, Georgios Anastassopoulos, in the Greek European People's Party, agreed.
"I would find it very difficult

to tell Greeks that they have no right to speak the language of Socrates," he said.

Lis Jensen, a member for Denmark's People's Movement Against the European Union, said that if Danish was removed from the EU's list of working ianguages, Danes would certainly vote "no" in a planned referendum on strengthening the EU in 1996.

"I think it's a catastrophe for the Danish people," she said.

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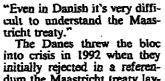
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initially rejected in a referen-dum the Maastricht treaty lay-ing down the path to EU eco-nomic, political and monetary Wilfried Martens, now a Par-

liament member and a former prime minister of linguistically divided Belgium, said the move would turn a skeptical public opinion even more against EU. 'it's a very dangerous pro-

cess. Those who are against integration will use this proposal to damage European integration," he said.

The expansion of the EU to 15 members on Jan. 1 added Swedish and Finnish to the EU's language list. As France prepared last month for its stint as EU presi-

guages would have to be re-viewed as the EU expanded. Mr. Lamassoure said the enlargement to 11 languages could result in 110 translation combinations, requiring an army of interpreters. It could be hard to find people capable of

interpretation between, say, Greek and Finnish, he added. He said the problem would become even more acute if the Union were to expand eastward, when Czech, Polish, Slovenian, Bulgarian and Romanian could join the list.



HOW MUCH A WATT? - The smokestack toppling over Friday of a nuclear plant near the Bavarian town of Landshut, Germany. The demolition of the plant, which was built for 232 million Deutsche marks and operated for all of 18 days, will cost 280 million DM.

Mehdi Bazargan, Ex-Premier of Iran, Dies

NICOSIA - Mehdi Bazargan, Iran's first prime minister after the 1979 Islamic revolution, died of heart failure in Zurich on Friday, the official Iranian news agency, IRNA, reported. He was in his late 80s.

Mr. Bazargan led a lameduck government that appealed for reason amid the revolutionary fervor that culminated in the takeover of the U.S. Embassy in Tehran.

Iran's ambassador to Switzerland, Mohammed Reza Alborzi, said in Geneva that Mr. Bazargan was traveling from his

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States for heart surgery.
The soft-spoken, Frencheducated engineer was a relentless campaigner for democracy and human rights for most of his life. He earned a degree in thermodynamics at the University of Paris.

When Prime Minister Mohammed Mossadegh stripped the British-owned Anglo-Irani-an Oil Co. of its assets and nationalized the industry in the early 1950s, he dispatched Mr. men. Bazargan to head the company's operations.

After Mr. Mossadegh was overthrown, Mr. Bazargan plunged into a tireless campaign to overthrow Shah Mohammed Reza Pahlavi, whom he accused of human rights violations. He was jailed several times, including for a five-year

term beginning in 1962. This allied him with Ayatol-lah Ruhollah Khomeini, who assigned him to direct the oil industry strike in 1978 that empled the main pillar of Iran's economy.

But as head of the short-lived provisional government, Mr. Bazargan was constantly frus- the "weekend wardrobe" of

home in Tehran to the United trated. "They have put a knife 1935 that consisted of two jacking heart surgery." only a handle. Others are holding the blade," he said in de-scribing his government.

Ayatollah Khomeini believed that the Shiite clergy was best suited for the task, Mr. Bazargan, a devout Muslim, believed in a government based on Islamic principles but run by lay-

Vera Maxwell, 93,

Sportswear Designer NEW YORK (NYT) - Vera Maxwell, 93, one of a legendary group of American sportswear designers who came to prominence in the 1930s and 40s. died Sunday in Rincon, Puerto

Rico, after a brief illness One of the pioneers of women's sportswear along with Claire McCardell, Clare Potter, Carolyn Schnurer and Tina Leser, Vera Maxwell continued to design clothes that were casual, comfortable and classic until her retirement in 1985. Among her innovations was

ficials of the government and the Bosnian Serbs were meeting to discuss opening the road out of Sarajevo. United Nations officials said the Serbs wanted road use restricted to seven international agencies. On Thursday, Foreign Minister Irfan Ljubijankic reiterated that the government would not

Kay Brown Barrett, 93, who as David O. Selznick's New York representative bought the film rights to Margaret Mitchell's "Gone With the Wind," died of a stroke Wednesday in

Harry Golombek, 83, a British international chess master. former chess writer for The Times of London and The Observer, and author of 38 books on chess, died Jan. 7, according to reports from London.

Emilio Servadio, 90, a pioneer of Italian psychoanalysis, died of a heart attack Tuesday

Barbara Jelavich, 71, a prominent scholar of Eastern Euro-pean history with a particular interest in the Balkan countries. died Saturday in Bloomington. Indiana, of cancer.

Bhutto to Meet With Clinton Agence France-Presse

WASHINGTON - Prime Minister Benazir Bhutto of Pakistan will meet President Bill Clinton in Washington on April 11, White House officials said. It will be their first meeting.

trousers; the wraparound jersey blouse; the riding jacket suit scribing his government.

He parted company with the ayatollah over the issue of who ayatollah over the issue of who coverall uniform for war workshould run the country. While ers that was a forerunner of the jump suit. She was also the first American designer to make

resume peace talks unless Serbs accepted an international peace clothes of Ultrasuede. plan that they have consistently The plan would give 51 per-cent of Bosnia to Muslims and Croats, and 49 percent to the

Serbs, who currently hold 70 percent. The leader of the Bos-Hightstown, New Jersey. nian Serbs, Radovan Karadzic said last week that he could agree to negotiations on the basis of the plan. The Bosnian government is

looking for greater signs of movement on the Bosnian Serb side, and that's very legitimate and understandable," said Lieutenant General Michael Rose, the UN commander in

But the Bosnian Serbs also "don't trust the other side and think they may try to whip up their military activity while everyone pretends to talk peace," he said.

After days of delay, both sides seemed ready to exchange prisoners of war. The International Committee of the Red Cross sent armored vehicles Friday to pick up 50 prisoners held by each side. They were to be exchanged at the Brotherhood and Unity Bridge linking Serbian- and government-held parts of the city.

Herald Tribune

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Mexican Governor Holds On to Post VILLAHERMOSA, Mexico (Reuters) — The governor of Tabasco state in southeastern Mexico denied Friday that he had volunteered to step down to resolve an election dispute that has led to violence in the state capital.

"They were rumors that started in Mexico City," Governor Roberto Madrazo said in a radio interview. "I am here, working," Mr. Madrazo, who won office in November, belongs to the Institutional Revolutionary Party, Mexico's governing party. The opposition Democratic Revolution Party has alleged voting fraud

The police fired tear gas to break up a clash late Thursday between supporters of the governing party and leftist protesters in the central square of Villahermosa, the state capital. Stones were thrown and several people were injured. Villahermosa was calm

Help Arrives for 200 in India Tunnel

JAMMU, India (AFP) — Indian Army rescuers reached a snowbound tunnel on a mountain in Kashmir on Friday to byto evacuate 200 people who have been trapped inside in subzero temperatures for several days, officials said.

The death toll from a snowstorm that has battered the northern-

Indian state since Monday, meanwhile, exceeded 200, and Kashmir government officials feared it could rise further.

An army team led by a general managed Friday to reach the Jawahar tunnel about 2.5 kilometers up the mountain, near the town of Banihal, to coordinate rescue efforts for the people inside. the officials said.

Canada May Disband Elite Regiment

OTTAWA (Reuters) — Prime Minister Jean Chretien said an elite airborne regiment that has shocked Canadians with racist and sadistic initiation rites captured on home video might be disbanded.

"If we have to dismantle it, we'll dismantle it," Mr. Chretien said. "I have no problem with that at all." He spoke during a visit to Trinidad in a news conference carried by Canadian television Some members of the Canadian Airborne Regiment have been

convicted in connection with the brutal torture and beating death of a teenager in Somalia in 1993 when they were part of a United Nations peacekeeping mission there. This week two amateur videos broadcast by television networks showed members of the regiment making violent racist comments and brutally hazing new

Dini Prepares for Showdown in Italy

ROME (AP) - With no political compromises in sight, Italy's new prime minister, Lamberto Dini, prepared Friday to bring the showdown over his government to a vote in Parliament.

Debate is scheduled to begin late Monday, and a vote could come as early as Wednesday. Mr. Dini's supporters appear to have an edge, but the vote could be close.

His opponents, led by the outgoing prime minister, Silvio Berlusconi, and his rightist allies, insist Mr. Dini must promise to disband his government in time for elections in June. Mr. Dini, a former central bank executive, has indicated that he could step down in several months and call elections, but said forming a ament with a time limit is unconstitutional.

Muslims, both allied with Bos-U.S. Urges Algeria to Talk to Rebels WASHINGTON (AP) — An offer by Algerian opposition nian Serbs, are fighting Mus-

parties and Islamic fundamentalists to negotiate with the government in Algiers could help end the three-year civil war, a senior American official said.

and government forces have re-The meeting in Rome last week of opponents of the Algiers government "was a significant event, and one which we think could be built upon to find a path forward," Assistant Secretary of State Robert Pelletreau said. "We continue to counsel a path towards political dialogue and a return to political processes." he said, adding that Algeria should "try to broaden the political base of the government.

The conference in Rome, which was later attacked by the Algiers government as "outside interference," marked the first time moderate opposition and extremist forces had forged a-

General Bertrand de La- Deng Is Reported to Be Unconscious presie, the UN commander for

HONG KONG (AP) - China's senior leader, Deng Xiaoping. is unconscious in a hospital, and senior government and army. officials had been asked to stay in Beijing to handle any repercussions in case he dies, news reports said Friday.

Although a Chinese government statement on Thursday said.

Mr. Deng was in good health for a man of 90, several Hong Kong
newspapers said he had recently fallen seriously ill. The Eastern Express, an English-language daily, said Mr. Deng was admitted to a hospital in critical condition several weeks ago after a stroke. Quoting sources in Hong Kong and Beijing with close connec-

tions to his family, the newspaper said that Mr. Deng's condition had improved and stabilized, but that he remained in "a nearvegetable state" and any recovery would be difficult.

For the Record

A Russian transport plane carrying 14 passengers and two crew members crashed shortly after takeoff in Siberia, the Itar-Tass press agency reported. There was no word on casualties. (Reuters): Egyptian police officers shot and killed four leading members of

the militant Islamic Group in a raid on an apartment in the southern village of Basqaloun, security sources said. (Reuters) British animal rights protesters celebrated after forcing the southern port of Shoreham to ban livestock exports and prepared to continue demonstrations at Brightlingsen over shipments from

Correction

that southeastern port.

An article in the Business/Finance section of Thursday's editions about proposed changes in U.S. communications laws that could affect Sprint Corp. incorrectly characterized the status of a proposal by Senator Larry Pressler, chairman of the Senate; nmerce Committee, concerning reciprocity. The proposal has not yet been introduced as legislation. Sprint says Mr. Pressler's proposed change would not affect its planned alliance with Deutsche Telecom AG and France Telecom.

TRAVEL UPDATE

U.S. Urges Airline Spraying Warning WASHINGTON (Reuters) - The Transportation Department has proposed that airlines and agents be required to tell potential. sengers if the country they are flying to will spray their plane

with insecticide before it lands Transportation Secretary Federico F. Peña has been trying to persuade other countries to stop using chemical spraying as a way to fight airborne disease and protect agriculture from vermin.

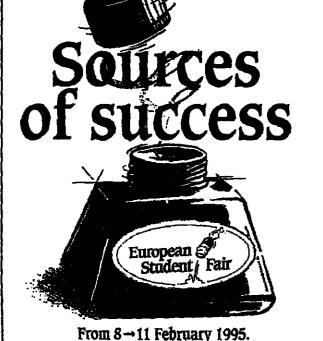
Typically, flight attendants walk down aisles and spray the cabin just before landing. Some countries spray after the plane lands

and the passengers disembark. He said seven countries -- Mexico, Jamaica, El Salvador, Chile, Cape Verde, St. Lucia and Belize — had stopped or planned to stop the practice, but many others have not. As long as some still spray with travelers on board, "we believe that passengers should be notified so that they can use this information when making their travel plans," Mr. Peña said.

Crime in New York's subways declined overall 21.7 percent last year, the police reported.

Thousands of seaguils seeking refuge from strong winds and rains prevented planes from landing at the French Riviera airport of Nice on Wednesday evening, officials said. France has inaugurated the Bridge of Normandy, which spans the Seine at Le Havre and is, at 856 meters (2,808 feet) the longest

cable-stayed bridge in the world. Rush-hour traffic in London now moves at a average 10.9 miles an hour (17.5 kph). It is the first time that the traffic speed has risen since the 1960s, and is slower than the average 11 mph of the pre-automobile era.



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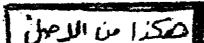
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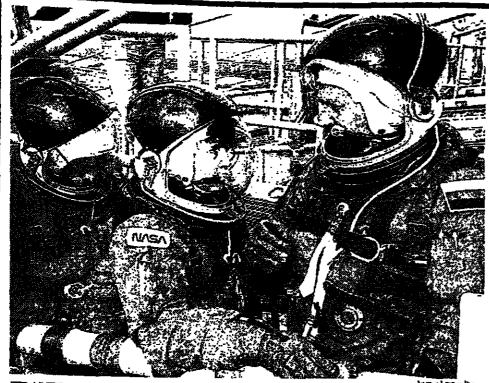
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TRAVEL PLANNING — Three members of the international crew of the space shuttle Discovery, scheduled to lift off on Feb. 2 on an eight-day space mission, talk things over during training at the Kennedy Space Center. From left, they are Michael Foale, a Briton; Janice Voss Ford, an American, and Vladimir Titov, a Russian.

AMERICAN TOPICS

Daytime Running Lights on Cars Beginning to Catch On in U.S.

Daytime running lights on cars are just beginning to become available in the United States, although they are required in Canada, Norway, Sweden and Denmark. There is growing evidence that they are effective even in bright sunshine.

General Motors has begun to install the running lights as standard equipment. "We've found that they do work," a GM spokesman said. Other U.S. carmakers have yet to decide. For now there is no pressure from the federal government, The New York Times reports, although the National Highway Traffic Safety Administration is studying the lights' effec-

Daytime running lights come on automati-cally when the car is started and put in gear. They work by operating the high-beam bulb in the headlights but at a lower level of illumination. Parking and other outside lights are not turned on.

By some estimates, daytime lights will add as little as \$3 per vehicle if installed on the

A recent study in Canada found that vehicles with daytime lights were involved in 11 percent fewer accidents with other vehicles.

Avis, in a study of its U.S. rental fleet, found that cars with daytime lights were in fewer daytime two-car accidents in all sorts of situa-tions, including bright sunshine.

Short Takes

A man who said a sleep disorder caused him to accidentally shoot his wife was sentenced to life in prison without parole. Michael Ricksgers, 37, of Butler, Pennsylvania, said he woke up with a .357 Magnum pistol in his hand and his wife, Janet, bleeding to death beside him. He claimed he suffered from sleep apnea, a common ailment in which breathing

is interrupted during sleep.

Two doctors called by the defense testified that sleep apnea could have caused Mr. Ricksgers to shoot his wife. A psychiatrist testifying for the prosecution said this was unlikely. Prosecutors contended that Mr. Ricksgers killed his wife because she was about to leave him.

M&M-Mars, which introduced its brown, yellow, orange, red, green and tan hard-shelled chocolate drops in 1940, is asking shoppers to vote on whether a new color should be added. Ballots are available wherever the candy is sold. The choices are pink, purple, blue or no change. Different-hued mixes are introduced four times a year: Christmas, Valentine's Day, Halloween and Easter. Otherwise, there has been no change since 1949, except for the decadelong absence of the red piece. Red was removed because of a scare over food dye and restored in 1987.

International Herald Tribune

A Son of New Deal Is Clinton's Political Point Man

By Todd S. Purdum New York Times Service
WASHINGTON — Harold

M. Ickes has survived some of the bitterest Democratic Party wars of the last quarter-century, but he recently passed a new sort of milestone. With 54 weeks of service, he is now the longest serving deputy chief of staff in the history of the Clinton White House, which has had five of them.

Not that he has had it easy. The three main tasks of his ten-ure — legislative stewardship of the president's health care plan. damage control on the

gy for the midterm elections — all came unglined, if through no particular fault of his own.

But as President Bill Clinton gears up for what is sure to be a difficult re-election campaign. no one is more central than Mr. Ickes, a canny New York labor lawyer who helped him get elected in the first place. He led Mr. Clinton's New York primary campaign, was floor manager at the Democratic National Convention and deputy director of his transition team, and now seems all but certain to

play a crucial role in 1996. Mr. Ickes is a son of the New

Ickes, the "Old Curmudgeon," was President Franklin D. Roo-

especially Republicans, to accuse him of eliding the niceties Whitewater inquiry and strate- Deal - his father. Harold L. of etiquette. He dismisses both

sevelt's interior secretary - and his mastery of party rules, plat-form procedure and ballot-access areana is seen as strong insurance for Mr. Clinton's re-

nomination. But those same liberal credentials also make Mr. Ickes a lightning rod for Democratic critics who accuse him of leading Mr. Clinton astray just when the president must win back centrists. His reputation for sharp dealing has led others.

plain-spokenness. "There are people who have political axes to griad, with ei-

ther me or the president, so they will find any twig they can to hang something on," he said the other day, "If you check around, I think you will find very few people in

the White House who think I'm prosecuting a liberal agenda. My job is to give Bill Clinton my judgment of what is best for him and the country." In a shifting cast, he is a con-

stant, a longtime friend of both the president and his wife and trusted to a rare degree equally

His influence has been clear. from the selection of Senator Christopher J. Dodd as general chairman of the Democratic Party and Don Fowler, a veteran South Carolina party leader. as day-to-day chairman, to Mr.
Clinton's proposal for a "Middle Class Bill of Rights" of tax
the death penalty, for example, he never tried to alter Mr. Clinton's support for the crime bill breaks.

Together with Erskine Bowles, the other deputy chief of staff, who handles operations, Mr. lckes is at the center of the efforts of the president's chief of staff, Leon E. Panetta, to impose greater discipline on the chaos of White House life.

"He's a real lawyer," said George Stephanopoulos, the senior presidential adviser. "He's meticulous in terms of followuntil you've reached consensus

or the point of disagreement." In one sign of the passions Mr. Ickes can provoke, Representative Robert G. Torricelli of New Jersey, who lost out to Mr. Dodd for the Democratic chairmanship, called a reporter

to offer unsolicited criticism.

notions with characteristic decided views, who feels passionately about things and pursues them aggressively," said Mr. Torricelli, who tangled bitterly with Mr. Ickes in 1980, when as head of the conven-tion's rules committee he supported President Jimmy Carter and Mr. lekes worked for Senator Edward M. Kennedy.

"There are people who are best suited to give you private advice, and others best suited to represent you in public, and Harold is definitely the former.

"No matter what Harold's ideology might be, or whatever vendettas he feels from previous campaigns, his principal agenda should be to broaden the reach of the Clinton White House, and that remains to be done.`

Mr. Ickes says that is what he is trying to do. He notes that despite his deep opposition to that imposed it for about five dozen new offenses last year.

Before joining Mr. Clinton, a friend from their days protesting the Vietnam War, Mr. Ickes was a fox terrier in the service of losing liberal presidential contenders, from Eugene J. McCarthy to the Reverend Jesse L. Jackson. It was almost solely on his say-so that some liberal New York politicians, who otherwise looked askance at a proing through, of pressing points death penalty governor from a small state, agreed to back Mr. Clinton in 1992.

But his friends say caricatures of him as a wild-eyed ideologue are vastly overdrawn. "He's a very practical guy." said Representative Thomas J. Manton, a moderate New York Democrat and Queens County "Harold is a person of rather party leader.



Gingrich on the Receiving End Criticism Recalls His Attacks on a Predecessor

By Tom Kenworthy

Washington Prot Service
WASHINGTON — Representative Newt
Gingrich, the House speaker, is starting to get a
taste of the treatment he gave Jim Wright when the Texas Democrat was speaker. But only a

Under attack by Democrats for his book publishing deal with a company owned by Rupert Murdoch, the media magnate, the Georgia Republican has accused the Democrats of an "unending" assault designed to drive him from

"There is a small group of people so bitter about losing control of the House that they have decided that any device which destroys me is legitimate." Mr. Gingrich said Thursday.

But at least in terms of longevity and ferocity. the minority's attack pales in comparison with the campaign Mr. Gingrich waged against Mr. Wright, who resigned in May 1989 after an ethics committee investigation into his financial affairs -including a book deal - and attempts to help officials in the savings and loan industry.

During his two-year campaign to discredit Mr. Wright, Mr. Gingrich repeatedly attacked his reputation on the House floor, in news conferences and in meetings with editorial boards of news organizations. He called Mr. Wright the most corrupt speaker in the 20th century and accused him of leaking classified information and undermining U.S. foreign policy in Central

Mr. Gingrich "created the model and the Democrats are following it," observed John M. Barry, the author of "The Ambition and the Power: The Fall of Jim Wright, a True Story of

Washington." In the summer of 1987, according to Mr. Barry's account, Mr. Gingrich told him that he feared that Mr. Wright would become an unusu-

We have to take him on early to prevent that." Mr. Barry quoted Mr. Gingrich as saving.
"Wright's a useful keystone to a much bigger
structure," Mr. Gingrich said later that summer
to Mr. Barry. "I'll just keep pounding and pounding on his ethics. There comes a point where it comes together and the media takes off

on it or it dies." Republicans complained bitterly this week about comments made about Mr. Gingrich on the House floor by Representative Carrie P.

Meek. Democrat of Florida. Her remarks - later stricken from the record prompted a two-hour partisan imbroglio. Her accusation that profited from his book arrangement was remarkably tame compared with the

accusations Mr. Gingrich leveled against Mr. Wright on the House floor. In September 1988, for example, he accused Mr. Wright of revealing government secrets about U.S. provocations against the Nicaraguan government of Daniel Ortega.

"Speaker Wright either violated the American secrecy requirements and leaked America's secrets, or Speaker Wright in public was saying something which was untrue," Mr. Gingrich in a floor speech.

Accusing Mr. Wright of a "betrayal of America's friends and allies." Mr. Gingrich said: "In World War II, I guess, 'collaborator' or 'quisling' would have been the closest terms."

Although Mr. Gingrich was more temperate in using the floor to attack Mr. Wright on ethics charges - preferring to insert critical editorials into the Congressional Record rather than speaking himself - he was relentless in outside speeches and appearances.

On Nov. 16, 1987, in a speech to Florida Republicans, Mr. Gingrich characterized Mr. Wright as a "genuinely corrupt man" and ac-

cused him of "money laundering."
"Wright is so consumed by his own power that ally powerful and effective speaker unless he was he is like Mussolini," he also said, according to - an account in the Miami Herald.

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reservable transference entre transference entre e 'Moral Certainty' Is Out at Simpson Trial

LOS ANGELES - In what could be a significant victory for the prosecution, Judge Lance A. Ito has told prosecutors that he plans to drop a requirement that they prove their case "to a moral certainty" to win murder convictions

ing to sources close to the case. Judge Ito made known his plan to drop the phrase from a standard jury instruction during a closed-door session with lawyers from both sides, the sources said.

against O. J. Simpson, accord-

The prosecution had sought to delete any reference to "moral certainty" from the jury instructions, and the defense had fought to keep it in.

Jurors in criminal cases in the United States have been in- guilty in the June 12 murders of

based on a finding that guilt ald L. Goldman. had been established beyond a Another issue reasonable doubt and to a moral certainty."

The latter part of that phrase, however, has come under attack in recent years, and nonbinding opinions critical of it were issued last year by both the U.S. and California Supreme

Legal experts said that those opinions paved the way for judges to do away with the phrase because it has the capac-ity to confuse jurors, making them think that a defendant's morality is more at issue than the facts presented to them.

structed for nearly 150 years his former wife, Nicole Brown questions about it before the that a conviction should be Simpson, and her friend Ron- jury.

must resolve before Monday, when opening statements are scheduled in Superior Court, is what, if anything, the lawyers will be able to say in their presentations about Detective Mark Fuhrman of the Los Angeles Police Department.

Mr. Simpson's preliminary hearing that he had found a bloody glove at the rear of one of Mr. Simpson's guest houses that matched a glove found at the murder scene two miles

Mr. Simpson has pleaded not lenged Mr. Fuhrman's credibil-

Specifically, the defense Another issue that Judge Ito wants the jury to hear about The detective testified during in 1988.

Judge Ito has said he was not

Lawyers for the former football star have aggressively chal- he might rule in favor of the ity and hope to be able to raise

racial slurs the detective allegedly made as part of a disability hearing more than a decade ago, racially derogatory statements he is said to have made to a real estate agent, and his alleged improper actions during the arrest of a robbery suspect

inclined to admit statements Mr. Fuhrman allegedly made to two city psychologists on separate occasions or the allegations from the 1988 incident.

He indicated, however, that defense on the comments to the

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AL NOTES

Speaker Trips on Path To Balanced Budget

WASHINGTON - The House speaker, Newt Gingrich, promised to give voters something that the White House and congressional Democrats had been demanding of him for weeks: an explicit description of how the majority Republicans plan to erase the \$200billion-a-year federal deficit by

after the chairman of the House Budget Committee, Representative John R. Kasich of Ohio, said the promise could not be

spending cuts in his next federal budget under the assumption that a constitutional amendment mandating a balanced budget within seven years would be approved by Con-

gress and ratified by the states. Asked if the Republicans were willing to make similar proposals, he said that the House Budget Committee this spring would present a "clear path." a "step by step" plan to climinate the deficit in seven

But he quickly backtracked Seconds later, however, Mr. Kasich said this was not precisely true.

Rather, he said, the Budget Committee will present "a fivefulfilled.

Mr. Gingrich made public a letter sent to President Clinton letter sent to president Clinton glide path to zero."

(NYT) year budget plan for how we

'Big Thinkers' Confer On State of the Union

WASHINGTON -- Preparing for a pivotal State of the Union address next week, President Bill Clinton invited two dozen "big thinkers" to Camp David recently to hear their views on what Americans want from government, how to repair the ruptures in American society and how a Democratic resident can translate all that into successful governing.

By all accounts the session was classic Clinton: four hours of discussion intended, as one participant put it, to help the president "think through things that are on his mind: civility and citizenship, the role of government in America, the clash

guished list of writers and

Quote/Unquote Representative Nita M.

Lowey, Democrat of New York, during a House committee session on the future of government funding of public television: "Make no mistake about it, this debate is about Big Bird and Oscar the Grouch and Barney and Kermit and the new Republican majority that would put them on the chopping block. Mr. Rogers' Neighborhood is much more popular than Gingrich's, 'Sesa-me Street' is a far healthier enrironment for children than Capitol Hill and the Muppets are far more popular than this (NYT)

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Away From Politics

• Chief Warrant Officer Bobby Hall, whose U.S. Army helicopter was shot down after it strayed over North Korea, is returning to his unit in South Korea next week and will resume flying, an indication that he is being cleared of negligence in the incident, Pentagon officials said.

• An experimental jet fighter wrapping up a test flight crashed in the desert north of Edwards Air Force Base in California after the pilot safely ejected. Karl-Heinz Lang, a German Defense Ministry pilot, parachuted to safety and was taken to a hospital for examination. The jet — a NASA X-31 — was developed joint by Rockwell International Corp. and Deutsche Acrospace.

• The parents of a teenager who died with her 1-year-old daughter in the fire that destroyed

the Branch Davidian compound in Waco, Texas, have filed a \$52 million wrongful death lawsuit against the government. (AP)

 A Nevada gaming regulator was arrested with another man on charges of hitting a \$100,000 keno jackpot in Atlantic City, New Jersey, using a highly confidential computer code. Ronald D. Harris was dismissed as an electronics expert for the Nevada Gaming Control Board after his arrest.

 Women who provide eggs have the sole right to determine the embryos' fate, a New York State Supreme Court justice has ruled. The ruling contradicts the imdings of the Tennessee Supreme Court in a similar case and is expected to lead to widespread debate in the legal and medical community.

 The time it takes to approve new drugs dropped 20 percent to 50 percent in a year, the Food and Drug Administration said. (N)7) of values, the reformulation of

the Democratic Party, the future of the American state in the information age and more." Joining him was a distin-

thinkers on contemporary American problems, including: Theda Scotchpol, author of a book on welfare reform; Robert Putnam, of Harvard University, who recently published a treatise on the breakdown of civic America titled "Bowling Alone"; Paul Starr, a Princeton University scholar and health care specialist, and Os Guinness, a sociologist and religious

Quake Delays Political Crisis for Japanese Leader

By Steven Brull

ul Herald Tribune TOKYO — Despite growing criticism that more decisive leadership could have reduced the number of casualties and sped up relief efforts for survivors of the Kobe earthquake, the crisis is offering Prime Minister Tomiichi Murayama a political lifeboat just when it appeared his fractious coalition was about to sink.

Before the quake struck on Tuesday, Mr. Murayama's Socialist Party was on the verge of collapse. A group of 24 members of Parliament were threatening to leave, jeopardizing a contentious coalition with the Liberal Democrats.

though, the group froze plans to form a new faction. About half the members come from the construction." stricken area and did not want

government during an emer- when the sense of crisis ebbs.

The urgency of providing relief and reconstructing the ravaged region also is most likely to contain any political criticism, even though dissatisfaction is widely felt. At a time when bodies are overflowing from makeshift morgues and aftershocks continue to rock the region, it would be unseemly to tar a prime minister trying to coordinate relief efforts.

"There's no mistake that the earthquake has postponed a crisis for Murayama," the political commentator Minoru Morita said. "People are tremendously dissatisfied, but a direct attack Shortly after the quake, on him is unlikely. The mass media believe there ought to be a cooperative spirit toward re-

Mr. Murayama's lifeboat mous proportions, and I or- tary in Japan or other nations.

to do anything to destabilize the could easily deflate, however, dered every possible effort to save people's lives."

"Unce the aftershocks subside, the focus will shift and Murayama will be in trouble again," Mr. Morita said. "The benefits will be very temporary. perhaps only until April or

Responding to sharp attacks during this year's opening session of Parliament on Frida; Mr. Muravama conceded that he had not been informed of the scale of the earthquake until nearly two hours after the temblor struck Tuesday at 5:46 A.M.

quake from television after 6 said. "At about 7:30, I was informed about the possibility of the damage spreading to enor-

saved the lives of some who were trapped in the rubble of destroyed homes. About 40,000 buildings collapsed or were "We are quite willing to acheavily damaged in the quake, cept all donations in accorpeople have been left homeless. and many continue to suffer shortages of food, water, heat and other basic necessities.

Mr. Murayama's government was also criticized for a delay of nearly 48 hours before the dis-"I first learned about the patch of large numbers of military personnel to the scene. In o'clock in the morning," he addition, there was resentment about the government's seeming reluctance to accept offers of assistance from the U.S. mili-

Tokyo did accept 50,000 blankets from the United States A prompt and decisive re- and received teams of sniffer sponse, critics said, could have dogs from Switzerland and France. But it has yet to accept offers of water, helicopter services and other supplies.

"We are quite willing to acand hundreds of people have dance with actual local deyet to be dug out and are now mands," a Foreign Ministry presumed dead. About 300,000 official said Friday. "But we are continuing to determine what we cannot do and what we need to obtain from outside

Despite the attacks, all is not bleak for Mr. Muryama's party. While the pressing need to deal with these problems will provide the 70-year-old prime minister cover from political assault, it will also give his government a political bonanza - an opportunity to dole out billions of dollars in reconstruction assistance.

The crisis will also delay upcoming general elections, which will probably prove difficult for many incumbents. Elections once thought likely for July are now not expected until late summer or fall, Mr. Morita

Jet Makes Forced Landing

WELLINGTON - An Air New Zealand Boeing 737 was forced to make an emergency landing in Oueenstown on Friday after an engine lost power and began to smoke, the airline said. There were no injuries.

ing her laundry on a wash-

reality: icebox, washboard.

Clean language zings off

these pages. Margaret Fraser

Beezly worked in Whitehaven

inspecting planes. She found a

could find the other girl. Ger-

boardinghouse, spood.



A woman searching Friday for her belongings in the ruins of her home in Kobe.

Refugees Roam Osaka's Streets

Compiled by Our Staff From Dispatches

OSAKA, Japan - Many of the thousands of people left homeless in Kobe by the earthquake ve ended up roaming the streets of neighboring Osaka, which suffered minimal damage. Though the cities are only 30 kilometers (18

miles) apart, their conditions are in stark contrast after the huge quake. Kobe, which was closer to the epicenter, has

been deeply scarred and suffered the bulk of the more than 4,400 deaths. Only a few people were killed in Osaka, and the daily routine has hardly been affected. "You have the impression that nothing hap-

pened here," said Koichi Takegana, who arrived after the quake on Tuesday from Kobe. "I have even heard people blaming Kobe for messing up the traffic in Osaka." Mr. Takegana and his wife, sister and two

children have spent two nights trying to stretch out meals in 24-hour cafes.

There are no hotel rooms left, and anyway I have no job to go to to pay for a room." he said. "We have seen many other families doing the Carolyn See reviews books same," he continued. "I don't think the authori-

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OCEANWIDE MOTORS

ity acknowledged the influx from Kobe but could not give figures. He said no official was available to comment. Some of those leaving Kobe said they would

A spokesman for the Osaka municipal author-

jen-

♦278.

have liked to stay close to neighbors, friends and relatives but had no choice but to flee =

Sixteen-year-old Yuko Mishima's family apartment was badly damaged. After the quake, the family had to break down the door to get out. "We couldn't stay, because the door is broken, the windows are broken and the wind is too. fierce," she said. "It's very cold."

The cold, in fact, was becoming more and more of an enemy. Some people have been sleeping in the open for several nights.
"It's pretty hard to live without heat," said

Shizuya Geshi, 39, who works for a trading Although thousands of people had left Kobe.

the roads into the city were also jammed - with people trying to find out if their loved ones were

Shinichi Seto drove through the night to findout if his cousins in downtown Kobe had survived. Much of their neighborhood was smoking rubble when he arrived, but his cousins were safe. (AFP, AP)

U.S. Charts Crackdown on Terrorism and Narcotics

WASHINGTON -- Secretary of State Warren M. Christopher announced plans on Friday to combat narcotics smuggling and terrorism with tougher laws and sentences and tighter control on visas for entering the United States.

A senior State Department official said wiretapping was among the measures to be proposed to the Republican-controlled Congress. The official said there were ways to use wiretaps without violating Supreme

Mr. Christopher, in a speech at Harvard University, said that "international terrorists, criminals and drug traffickers pose direct threats to our people and to our nation's interests."

The senior official said the drive was directed at Hamas, a militant Muslim fundamentalist group reportedly raising money in the United States, and at other organizations linked to terrorist activities.

Hearings are to be accelerated for deporting illegal aliens. Also, Mr. Christopher said, the United States will insist that

other countries extradite or prosecute international fugitives and impose stiff sen-The speech was designed to complement

the State of the Union address that President Bill Clinton will deliver to Congress on Tuesday with a broader outline of U.S. foreign policy objectives.

Mr. Christopher also criticized China on its human-rights record, but said that a successful U.S. foreign policy in Asia required pursuing "constructive relations"

BOOKS

A MOUTHFUL OF RIV. their co-workers by querying, "What's sodomy?" They played ETS: Women at Work in World War II By Nancy Baker Wise and

Christy Wise. 283 pages. \$24. Jossev-Bass.

Reviewed by Carolyn See

THEY riveted, of course. They "bucketed" for riveters, they were usherettes in movie theaters - wearing the oversize clothes of the men they replaced. They collated fingerprints for the FBI and startled

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get the feeling that these women. working in World War II so that "our boys" might serve their country, had the absolute greatest time in their lives. This book is put together in trained for a week, or a day, or a cans, myself included. But marks: "People drown very quithe form of an oral history, and morning, and then there they the only bad thing you can say were, driving a crane, or climbtoo short. These women are so their hearts out. tremendously likable that you want them to go on reminiscing

an's work sails into the reader's mind riding on a big metaphysical question mark and lodges there. Despite all of Gloria Steinem's rousing talks over the years about how if women are suited to make silicon chips, they're also suited to do brain surgery, I admit to some kind of revisionist, retro thought pattern: For instance, women don't usually weld, and it might be because it's too hard. But here are these sweet women. one after another, saying they

about it is that the sections are ing a six-story ladder, welding into the kitchen, left their wares

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Palestinian Muslims praying outside an overcrowded mosque Friday in the West Bank city of Ramallah. Palestinian leaders said that they were not satisfied with Israeli commitments to freeze construction of new Jewish settlements.

Showdown Over Jerusalem Settlements

By Clyde Haberman

New York Times Service JERUSALEM — Israel's Labor-led government was battered by political storms Friday over whether its freshly affirmed halt to new settlement construction in the West Bank includes Jewish towns that ring Jerusalem.

If it does, settler representatives warned, they will consider it "a virtual declaration of war," and step up their protest actions to bring down a government they have long considered hos-

Even within Prime Minister Yitzhak Rabin's cabinet, some ministers expressed concern -about the possibility of construction being stopped around Jerusalem, an action they said could weaken Israel's longstanding claim to the city as its capital and fully under its sov-

'ereignty.
- Housing Minister Binyamin Eliezer, normally a Rabin ally, said he would hand the cabinet plans for 8.000 new apartments in Jewish communities just outside Jerusalem.

A showdown on the issue, Israel's hands. with uncertain results, is ex-

pected at the government's 1992 pledging to curtail the ag- Palestinian protests that Israel weekly meeting on Sunday.

Settlements remain an explosive and pivotal issue in the Shamir, Mr. Rabin allowed for troubled peace talks between exceptions, including near Jeru-Israel and the Palestinians. salem. He also said he could But it is unclear to many on account only for government both sides what exactly Mr. Raspending and that privately fi-

On Thursday, he sought to give the negotiations fresh momentum by assuring Yasser Arafat, the Palestinian leader, that he would permit no new settlements and would tightly control construction in existing ones in the West Bank.

bin's policy is.

Although not fully satisfied, and under pressure from some of his lieutenants to call off talks with Israel until the building stops, Mr. Arafat signaled that he wanted to avert a crisis. On Friday, it was the turn of the Likud-ici opposition to be

dissatisfied. The biggest question mark hung over the prime minister's stand on Jewish towns in the West Bank that are close to this city and that many Israelis consider part of "Greater Jerusalem," an area they believe must

be built up for it to stay in

Mandela and de Klerk Make Up After Spat

But Dispute Over Amnesties Exposes Government Fissures

By Paul Taylor JOHANNESBURG - Pres-

ident Nelson Mandela and Deputy President Frederik W. de Klerk shook hands, smiled for the cameras and made up on Friday, but an ugly spat earlier in the week has exposed deep fissures in South Africa's national unity government.

After meeting at Mr. Mandela's official residence in Pretoria — which until last April had been Mr. de Klerk's official residence - the two men issued a statement in which they formally accepted "one another's good faith and integrity."

No apologies were sought or offered for what Mr. de Klerk had earlier described as "vicious insults" leveled at him by Mr. Mandela at a cabinet meetng on Wednesday.

Nor did the two leaders settle the dispute that led to the outburst - whether amnesties for political crimes granted to 3,500 policemen and two former security ministers in the dying days of Mr. de Klerk's presidential term are valid. Mr. de Klerk says they are; Mr. Mandela says they are not.

On Friday, they assigned a team of cabinet ministers to try his Likud predecessor. Yitzhak that there would be little left, to resolve the matter.

They also agreed to make a "fresh start" on a tangled personal relationship that has often been productive, usually also leftist critics in his own correct, but occasionally acri-

cabinet, Mr. Rabin agreed on monious Mr. de Klerk disclosed that mittee of ministers to monitor in five years of working closely together on South Africa's tran-This week he also began sition from apartheid to democbacking away from the concept racy — work that jointly won of "Greater Jerusalem," sug- the pair the 1993 Nobel Peace of "Greater Jerusalem," suggesting strongly that he would Prize - he and Mr. Mandela not distinguish between settle- have never once dined together. It is doubtful they will ever warm to one another. During ments around the city and those

democracy negotiations and the ment well before the next ensuing political campaign. Mr. scheduled election in 1999. ensuing political campaign, Mr. Mandela frequently played to his militant gallery by attacking Mr. de Klerk's integrity and treating him as a whipping boy. Mr. de Klerk, cowed by Mr. Mandela's moral stature, rarely struck back.

gether atop the government, and Mr. Mandela continues to find Mr. de Klerk a useful tar-

As the African National Congress - the dominant partner in the coalition government starts to find itself under grass-roots pressure for failing deliver on its promises of houses and jobs and crime reduction, it is beginning to lay the blame on what it terms obstructionists within the civil service, the security forces and Mr. de Klerk's National Party.

That, according to sources, was the thrust of Mr. Mandela's cabinet attack on Wednesday.

"At some point the ANC is going to have to justify its failure to deliver, and de Klerk becomes the obvious fall guy." said a political scientist, Hermann Giliomee. "I really can't see de Klerk staying around much longer if that's going to be

According to party sources. an enraged Mr. de Klerk came close to resigning as deputy president and handing over his government position to a more junior National Party leader, so as to reduce his party's political identification with the coalition

As long as it remains within the coalition, the National Parcannot be a credible opposition force. Many political ana-

But for now, he recognizes that the coalition is a vital symbol - both to South Africans and to outside investors - of political stability amidst a difficult transfer from white to black rule.

"Any party that now undermines the fragile consensual and cooperative spirit that is taking root in our society will have to answer to all our chil-

dren," he said Thursday night. South Africa's coalition is an unusual creature. In other parliamentary democracies, coalitions typically form when the lead party falls short of the 50 percent election threshold needed to set up a government. Minor parties wind up with critical leverage on key votes.

In South Africa's founding the ANC won 63 percent; they have the votes to prevail on evelection democracy negotiations, they agreed for five years to govern in a forced coalition with minority parties. The Na-tional Party has six seats in the member cabinet; the mainly-Zulu Inkatha Freedom Party has three, and the ANC has

The only real leverage the National Party has in this arrangement is the threat of leaving. If it pulled out, it might upset the military, the civil service and the business communi ty - South Africa's key whitedominated institutions.

But then again it might not, as the ANC has been building bridges to all those sectors.

UN Effort Stalls In West Sahara

TINDOUF, Algeria — A drew in 1975. It has accused United Nations-led peace pro- Morocco of detaining one of cess to end the 20-year-old war the dozens of Saharan sheikhs in Western Sahara has broken who help UN officials to certify down over allegations by the potential voters. pro-independence Polisario Front that Morocco has detained a key figure in the peace

UN representatives in the former Spanish colony sought Friday to resolve the dispute, which has interrupted an intricate, months-long procedure to accused of killing three persons determine who in the region after breaking into the house of will be eligible to vote in a refer- a Saudi businessman last year

endum on the territory's future. were beheaded in Saudi Arabia The breakdown came one on Friday, a diplomat said. week after the Security Council approved a major expansion of Saudi capital of Riyadh said by the UN's operations in Western telephone that he had heard the Sahara. The Polisario Front has news on the local radio but that

Saudis Carry Out Beheading of 3

DUBAI - Three Filipinos

A Filipino diplomat in the lysts say they now believe Mr. challenged Morocco's claim to the embassy had not been offide Klerk will pull out of govern- the territory since Spain with- cially notified of the executions.

Although he took office in INTERNATIONAL MARKETPLACE International Conferences and Seminars

gressive settlement-building of

nanced construction was be-

As a result, even under this

Labor government, West Bank

settlements near Jerusalem

have continued to grow vigor-ously — notably Maale Adu-

mim to the east, Givat Zeev to

the northwest and Efrat to the

This has produced strong

yond his control.

was swallowing up land so fast

even if Palestinians succeed in

getting authority over the West

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Thursday to create a new com-

even private construction.

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MOSCOW - Although the fighting appears to be far from over, Russia is already turning its attention to administrative plans to coax Chechnya back into the Russian fold.

The Kremlin blueprint calls for the creation of an interim administration until local elections can be held, according to experts who have studied the plan outlined by Russian officials.

But experts say it will be extremely difficult to push the plan ahead if the forces of the separatist leader, Dzhokar Dudayev, continue to wage a guerrilla war.

"It is clear what the Russians want to do," one Western diplomat said. "But less clear is how they can get there."

President Boris N. Yeltsin declared the "military stage" in the conflict to be almost over after Grozny's presidential palace was captured by Russian troops on Thursday.

The Russian leader has said that Moscow wants to organize new elections to produce a legitimate government that can tackle a number questions, including the status of the North

Caucasus region.
Mr. Yeltsin has appointed Deputy Prime Minister Nikolai Yegorov as his representative in Chechnya.

Diplomats expect Mr. Yeltsin to move quickly to establish an air of normalcy by pumping in humanitarian relief funds, restoring shattered public services such as gas and water supplies, and encouraging refugees to move back to their

Itar-Tass, the Russian press agency, has reported on a government plan aimed at rebuilding financial institutions, restoring oil facilities, and paying pensions and other social welfare

The next step would be for the provisional administration to do the heavy lobbying and canvassing necessary to persuade powerful fig-

ures in Chechnya's clan-based society to hold new elections.

Russian officials are optimistic about the chances of cordial relations with the rebel territory. They have pointed out that some areas of Chechnya are not hostile to Russia because they never backed Mr. Dudayev and have not seen

fierce fighting.
Russian officals have also sounded out members of the Chechen diaspora in Moscow, who are seen as favorable to Russia's plans.

But Mr. Yeltsin has also been careful to say that any new status for Chechnya will be strictly within the borders of the Russian Federation a condition that experts say will effectively keep independence-minded candidates such as Mr. Dudayev out of a future Chechen government.

Salambek Khadzhiyev, a 54-year-old former Soviet petrochemicals minister, has already emerged as head of the planned interim Government of National Rebirth.

Several commentators said Mr. Khadzhiyev, who drew up a provisional government before the Russian assault, is more than a mere puppet

"Salambek is capable of saying 'no' at the necessary moment," Dzhebrail Gakayev, a political scientist, told the weekly Moscow News.

Ultimately, the fate of the Russian plan will

depend on the intensity of the armed opposition from Mr. Dudayev's rebel fighters, who, if they eventually lose Grozny, have vowed to carry on a guerrilla war from the mountains in the south.

With the northern part of the territory under Russian influence, much could depend on how the central part of the region reacts to the idea of non-Dudayev leadership.

Mr. Dudayev's fighters are likely to oppose any collaboration with the Russians, and Mos-cow will have to face the key question of whether people will drop the cause of independence

RUSSIA: Chechen Rebels Show No Signs of Surrender

palace under cover of darkness without suffering heavy casual-

Compared with the Chechen fighters, many of whom are day night in the military headtough, motivated men with combat experience in the Soviet Army, the Russian ground troops seem like mere boys. Many of them had less than a year's military training and had no idea who they would be

way to counteract Russian air chev said. "He's the enemy of power, which has virtually free Russia." run of the skies over Grozny. Nor can they match the Russians in artillery, multiple rock-et launchers and other heavy fire power.

Russian penal code to include the death penalty for members of "illegal armed formations."

And in a reflection of defenister Pavel S. Grachev, in comments shown on state television, lashed out at the "traitors" and "vipers" in Parliament who have criticized the operation.

television reporters. The conference, which took place Thursquarters of Mozdok, was shown

for the first time Friday. The general singled out Ser gei A. Kovalyev, Mr. Yeltsin's human-rights adviser, a longtime Soviet dissident and now a leading critic of the war.

There's nothing about him fighting, or why.

The Chechens still have no that's decent," General Gra-

> ■ New Criticism From West The continuing Russian of-

fensive brought a burst of criticism Friday from West Europe-In a sign of Russia's hard-line an governments and legislators. Chechnya policy, the lower including the foreign ministers house of the Russian Parlia- of Britain, France and Ireland. ment opened the way Friday for The German Parliament and Chechen fighters to be sen- the foreign affairs committee of tenced to death, changing the the Polish Parliament's lower house also condemned the Russian push, wire services report-

In London, Foreign Secre-tary Douglas Hurd said Friday over attacks on Moscow's that Russia's military assault in Chechnya policy, Defense Min- Chechnya was a "botched job" in which "wholly disproportionate use of force" had caused unnecessary suffering among civilians. in a speech at the London

Business School, he said Mos-General Grachev, who has Business School, he said Mos-rarely appeared in public since cow was entitled to expect its

the operation began Dec. 11. Western partners to understand appeared spittingly angry durits difficulties. But "our own ing an appearance before state public, and Russians too, are equally entitled to expect Westem governments consistently to uphold accepted standards of human rights," he said.

And, in Germany's broadest condemnation to date of the Russian war in Chechnya, the Parliament on Friday unanimously condemned Moscow's human rights violations and arbitrary, unrestrained use of military force."

The French foreign minister, Alain Juppe, urged on Friday a strong European Union stance on Chechnya and said that an EU delegation would soon visit the Russian territory.

Meanwhile, the first United Nations relief aid has reached Chechen refugees three weeks after Russia requested international aid. UN officials said on

The UN High Commissioner for Refugees had said that it fought Russian bureaucracy all tonomous region of Ingushelia. to their own territory. on Russia's southern rim. About 100,000 Chechen refu-

gees have fled to Ingushetia. The Kremlin sent tens of thousands of troops into Chechnya on Dec. 11 in a bid to end its three-year-old drive for independence.

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CATS: Roman Holiday For a City's Pampered Strays

teed the right to live where they are born. In other words, humans cannot try to chase them from courtyards or roofs, parks or street corners, let alone from their beloved archeological niches, like the Coliseum, Trajan's Market or the Caius Ces-

We no longer talk about stray cats," Ms. Cirinna said, "but about animals that have chosen to live in freedom, like the way before the convoy ar- birds. That entitles them to cerrived Thursday night in the au- tain rights, including the right

The city has used the law to coordinate efforts by a network of cat lovers whose ranks include opera stars, actresses (Anna Magnani was a cat lady), bank directors and lawyers, as well as the more ordinary gattare whose daily pilgrimages are (Reuters, AP, AFP) a fixture of Roman life.

By the time their benefactors arrive at fixed feeding points.

Ms. Cirinna said. And the cats live well, she added, because "people love them." er tales to tell, of being yelled at

by people who accuse them of feeding vermin and of spreadsoned and killed.

advanced laws on animal rights. but a far lower social consciousness," said Dr. Claudio Fantini,

who heads one of Rome's municipal veterinary services. There is enormous indifference out there. And these are costly programs at a time when things are difficult." The 1988 law also bars the

city from killing stray animals that end up in its pounds, a policy that leaves many a beast to serve a life sentence without hope or reprieve in the city kennels. Dr. Fantini calls that aspect of the law "barbaric" but supports a related policy of citywide "sterilization" sweeps.

totaling 7,000 to 8,000 cats are under veterinary supervision, either by the city's own services or by private volunteers. Dr. Fantini's team pays sterilization visits to two colonies a week. He estimates that Rome has 10.000 cat colonies in all.

MEXICO: A Two-Edged Sword

Continued from Page 1

publicans, the only relevant poitical fact is that the cornerstone of Mr. Clinton's international economic strategy has gone bad for the first time. That creates an opportunity to embarrass him badly.

Efforts by everyone from vice President Al Gore to the vice President Al Gore to the vice President Al Gore to separate out many of the benefits reaped out many of the benefits reaped. Republican leaders to separate ics have so far failed to generate acted in return for the according the votes needed to pass the \$40 billion in loan guarantees. which would cost American taxpayers only if Mexico de-"It's weird," one of Mr. Clinton's closest economic advisers

said when asked to compare the debate over the trade accord in 1993 with the arguments over the loan guarantees today. "The issues are different, the arguments are different, but the reverberations are very similar." The risk is that a battle in Congress, which now looks in-

evitable, may be all it takes to further ratile investors who have already pulled billions of dollars out of Mexico, leaving the government there without

the cash to pay off its short; term borrowings.

That, in turn, could send the peso into a further downward spiral - it has already declined. percent in a month - and could raise the specier of a return to inflation and social unrest. Along the way, it could

from the reforms Mexico en-While Mr. Clinton's argument about helping Americans by helping others is fundamen-tally sound, it also plays into the hands of opponents of the trade accord. They argued a year ago that while economic integration with rapidly developing nations may offer newopportunities for export, it also subjects the American economy to a raft of risks, many out of

Washington's control. Some Democrats who reluctantly voted for the trade accord say they cannot put \$40 billion of taxpayers' money at risk to save it. And many freshmen Republicans are openly splitting with the party's tradi-

PESO: Latin America Feels the Pain

the case flies in the face of advice given by the International Monetary Fund by demonstrating the real risks run by countries adopting a free and open financial system.

Mexico, which invited foreign investors into its financial markets, proved highly vulnerable to what some analysts compare to runs on a bank when sentiment shifted. In contrast, countries that have far more restrictive policies and have tried to bar foreigners from taking short-term speculative positions in their markets have escaped the crisis almost unscathed.

Economists singled out countries ranging from Chile, where both economic management and controls on foreign investment have long been tight, to Venezuela, where the economy is in any case locked in reces-

Elsewhere in Latin America, however, the damage could be substantial. Economists have now pared their growth forefull percentage point. The most extreme case is Mexico itself, where there had been forecasts for growth of about 4 percent in 1995, a figure most forecasters have now swiftly changed to

Although Mexico's sudden fall from grace has come as a major blow to investor confidence throughout the region, not all the revised forecasts are ty of foreign investment flows. Stung by the magnitude of their miscalculations of Mexico, analysts have become far more skeptical about the strengths of the region's economies.

Robert Barclay, country manager for Barings Securities in Brazil, said that he revised his forecast for that country early this month down to growth of 4 percent from 5 percent as a result of the Mexican crash. "Now we have cut it to 3 per-cent," he said, citing recent sharp upward revisions in Brazil's trade gap for December.

Brazil, the economic linchpin

Brazil, after years of running large trade surpluses, would only break even on its trade. account in 1995, leaving it with a current account deficit that includes interest payments on the country's huge external debts of around \$9 billion.

Oddly enough, part of Bra-zil's problem is the immense success of its new currency, the real. That currency was introduced last year as part of a successful effort to fight inflation, which had soared at one point last year to an annual rate of 5,000 percent.

Boosted by optimism that Brazil had finally turned the corner, the real soared against the dollar. Factoring in inflation, Ehsun Khan, an economist with Citibank in New York, calculated that the real was now 30 percent overvalued, a heavy burden for Brazil's exporters.

Economists said that the Brazilian government could stimulate exports in the short term by such means as cutting taxes on them. They said, furthermore, casts for many countries by a that Brazil, which has a massive \$40 billion in foreign reserves. had plenty of financial room to cope with its current account shortfall.

In the longer term, however, they believed that the govern-

ment would have to devalue the currency, a development that could bode ill for both domestic inflation and foreign investor confidence. While the expectations in itin America have been

slashed, analysts stressed that most of the region's economies would still enjoy strong growth in 1995. "This is more of a tropical storm than a hurricane," said Mr. Molano. He and others suggested that slow-er growth and the strong warning sounded by the Mexican crash would help put the region's economies on a sounder footing,

Many economists complained that credit growth in the region, for example, has been far too rapid. They pointed out that Latin America. where savings as a percentage of gross domestic product averaged 17.5 percent, compared unfavorably with Asia, where savings average 30 percent.

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dozens of cats are already waiting, skittering about the bushes in anticipation of their next meal, which sometimes includes a pasta course.

"For the most part, the majority of Romans love cats,"

But many cat ladies have otheases, of finding cats poi-

"We have one of the most

At the moment, 500 colonies due simply to the sudden scarci-

of Latin America with by far the largest economy, suddenly looks something other than the sure bet it did a month ago. Many economists feared that

> Authorities hoped to restore partial rail ervice, including the bullet train between

At city hall in suburban Nishinomiya, hundreds of homeless people showed up to ask officials for help finding new homes. "I'm sorry, but I can't do anything about your house at this point," one official, Takahiro Inada, told them. "I suggest you

Osaka and Kyoto later Friday.

what with the quake it's almost inevitable go to another city. there's going to be some sort of flu epidem-There was growing concern among embassies in Japan about how many foreign-More than three days after the quake, 110,000 households in and around Kobe

ers might be in refugee camps. Radio stations broadcast appeals by the

French Embassy for its nationals to get in

The police set up telephone hotlines for foreigners, and the U.S. Embassy, which has confirmed the death of two Americans, sent a team to the area. (Reuters, AP)

KOREA: Asking Hard Questions About Nuclear Pact Washington Lifts

ic." he said.

had no natural gas.

Continued from Page 1

written commitments, instead of oral assurances. from Japan and South Korea to pay a big share of the \$4 billion cost of the new reactors? • Who is going to bear the cost of hooking the

scale, reached 4,431 on Friday. With 656

people still listed as missing, the grim

Ten people were found alive Friday.

including five women in a collapsed apart-

ment building, Japanese media said. But officials acknowledged that few others

Overcrowded shelters were critically

short of all necessities. At one school, hun-

dreds of refugees were camping in heated

classrooms. Dozens of others were crowd-

ed into the unheated, concrete hallways.

search in the rubble continued.

would be found alive.

new reactors up to North Korea's decrepit electric power grid? Does North Korea have the technical expertise to run the reactors safely? • What is the final destination of the radioac-

plutonium-making reactor North Korea stopped operating as part of the deal? • Does the accord reward nuclear blackmail by an outlaw state, setting a had precedent for

other nations such as Iran? Many Republicans in both houses have raised similar questions, but so far none has made a public commitment to try to block the deal. Congressional approval of the agreement is not required, but Congress must appropriate any

U.S. funds needed to put it into effect. Senior administration officials argued that elimination of North Korea's nuclear weapons tors.

program was an overriding concern, well worth the concessions the United States had to make, In agreeing to dismantle two plutonium-producing reactors and a plutonium reprocessing plant, they said. North Korea is going well beyond its legal obligations as a signer of the Nuclear Nonproliferation Treaty, the 1970 treaty to limit the

still had no electricity, and nearly 850,000

to restore service within a few days. But the

local gas compan stimated it would take

a month to repair broken lines and restore

Kansai Electric Power Co. said it hoped

spread of nuclear weapons. Before the agreement - which international monitors say Pyongyang appears to be honoring - North Korea's nuclear weapons program tive spent fuel sitting in waste pools at the "was poised to leap forward." said Assistant Defense Secretary Ashton B. Carter. He said the weapons program challenged the security of the Korean Peninsula, to which the United States

has long been committed. But Mr. Carter and a State Department representative. Gary Samore, were unable to answer all the senators' questions about the deal's eventual cost.

The Energy Department has asked permission to transfer \$10 million from other programs to finance technical work on stabilizing tadioactive spent fuel from one of the North Korean reac-

Some Sanctions Against North The Associated Press

WASHINGTON - The State Department announced

Friday a partial lifting of economic sanctions against North These are some of the terms

of the agreement: • U.S. telecommunications companies will be permitted to 4

do business in North Korea. North Korea will be allowed to use the U.S. banking system to clear transactions not originating or terminating in the United States, meaning that American citizens can engage in credit card transactions in North Korea.

6 Killed in Explosion Sterilization can be a delicate business. For example, males On Oil Rig Off Nigeria are castrated only in "closed" colonies to reduce rivalry with Agence France-Presse LAGOS - Six people were other males. Females are sterilized in a way that allows them killed in an explosion on an oil to still go into heat and keep rig off the coast of Nigeria, and local males from straying. rescue teams and divers were Dr. Fantini said there had searching Friday for four workbeen no organized effort in reers who were still missing, the cent years to test stray cats for Mobil Oil company said. A total of 18 people were injured in Wednesday's blast. leukemia or for FIV - feline immunodeficiency virus. Such according to the French compatests, he said, would be "a waste ny Bouygues Offshore. ZURICH - SWITZERLAND JAPAN: Murayama Battered by Criticism of Handling of Disaster Relief Continued from Page 1 where they spend their nights wrapped in yet there were no reports of disease due to blankets. Shigeo Kaneko, spokesman for the Kobe Steel Hospital, the medical estabcontaminated drinking water. BERLIN AMERICAN CHURCH IN BERLIN, cox. of "If it were summertime, the situation Clay Allee & Potsdamer Str., S.S. 9:30 a.m., Worship 11 a.m. Tel.: 030-813:3021. lishment for one of Kobe's biggest employwould have been bad," he said. "We're ers, said because of a bitter winter many residents already were vulnerable before The death toll from the quake, which measured 7.2 on the open-ended Richter the quake struck. "It is incredibly cold this winter, and















Fra Bartolommeo Comes to Light

ARIS — Masters in the two-dimensional arts whose greatness lies in their drawings, not their paintings, are treated unkindly by art history. They become non-persons, unknown to all but a few spe-

Take Fra Bartolommeo. It took almost 500 years after his death, in 1517.

SOUREN MELIKIAN

for a show to focus on his ocuvre in French collections. Sort of.

"Fra Bartolommeo and His Workshop," at the Louvre until Feb. 13, is as much an attempt to sort out his drawings, as represented in French museums, as a flat statement. Not that his sketches are reputed to be in short supply. More than 1,000 sheets, many with drawings on both sides, are recorded with his name attached to them. The aesthetic vision they reveal is utterly different from the image projected by his bland

It is as if this man, who withdrew from a life full of sound and fury to a monastic retreat, had henceforth refused to commit himself publicly. Sancti di Jacopo was born in Florence in 1472, the son of a muleteer and a mother called Bartolommea, hence his nickname Bartolommeo. The exact circumstances that led to the boy's admission into the studio of Cosimo Rosselli on the recommendation of a sculptor are not known.

The artist may have remained faithful to his ideals, but he was powerless. Life 1485, he was handing over to his master

payments received from the monks of San Ambrogio for some frescoes he had done. Within six years, he opened a studio with his fellow student Mariotto Albertinelli, who was to be a lifelong

This first partnership, later followed by others, did not last. Florence was in turmoil. The Dominican monk Savonarola was denouncing the corruption of the church and the entire establishment. In November 1494, the Medici were thrown out, banished. A Grand Council voted in a constitution, which Bartolommeo fervently supported. Somehow, he found time to paint an "Annunciation," dated 1497, in the Volterra cathedral.

But civil war was in sight. That year, on May 12. Savonarola was excommunicated by Pope Alexander VI. Bartolommeo, unimpressed, stood by his leader. When Savonarola inveighed against licentious art, Bartolommeo took all his sketches of nudes to burn them publicly — as did Botticelli and Lorenzo di Credi.

Eventually, Savonarola, threatened by crowds stirred up by Medici agents, took refuge in the monastery of San Marco of which he had become prior in 1491. Bartolommeo followed him and had a traumatizing experience. Terrified by the storming of the monasteries on April 8, 1498, he vowed to enter the order if he came out alive. Repression was beginning. On May 23, Savonarola, accused of heresy, was burned at the

was going on. In 1499, he signed a con-



tract for a fresco on "The Last Judgment" commissioned by the Hospital of Santa Maria Nuova, Careful studies of skulls and bones in the show may reflect his mood as much as artistic necessity. Things were calming down. In the sum-mer of 1500 Leonardo returned to Florence from his Milanese exile. But Bartolommeo did not swerve from his decision. He became a novice in the monastery of San Domenico and a year later took his vows as a friar called Fra Bartolommeo.

Study of a leafless tree.

It is not easy to assess the impact that these violent events had on Bartolommeo's oeuvre. The artist's paintings remained firmly conventional. His drawings, by contrast, display a versatility, an inventiveness, and often a vigor, that seem to be those of a different man. Chris Fischer, the Danish scholar who wrote the catalogue and has investigated in depth Bartolommeo's graphic oeuvre, has tried to work out a chronology largely based on the clues provided by the finished paintings for which the drawings were preliminary studies.

UT that method sheds no light on the early years, from about 1490 to 1497. He would seem to have been much influenced by sculpture. His small studies of figures have a timeless monumentality, with no attention to space or context. He was fascinated by North European engravings. Taking a print by Martin Schongauer, he reduced it to a few sculptural figures, changing it utterly.

He looked closely at another print, by

Dürer, "Hercules at the Parting of the Roads," and copied two sections of the background landscape. All this, done in despite the illusion of abundance.

the supposed "copy" into something quite different. Out of this emerged an original manner in pen and brown ink. Its sense of rhythmical, rolling movement, and its lightness make it unique.
In a study for "The Last Judgment,"

three naked women seem to be swaying in some gale while a standing archange bends over them, holding up a sword with both hands. High up in the air, two winged figures float and bounce like strange apparitions.

This manner culminated in a group of sketches for "The Annunciation" com-pleted in 1503. In one, an angel bends forward, clad in drapes that whirl and swirl. With its arms crossed over the chest, its head bent and its eyes deferentially cast down, it exudes an alacrity that has the ring of a hallelujah.

Much the same lightheartedness is conveyed by a group of landscapes considered to be dating from the 1500s. Some show mountainsides handled like piled up rocks with trees perched on top. They are so unusual that Fischer felt compelled to look for a possible source in the Byzantine tradition. This would not appear to be the case. A closer parallel is found in Iranian manuscript painting, well represented in Venice by then - Venetian bookbinding in the early 16th century offers straight copies of standard patterns from Iran.

But just as he transformed Dürer and Schongauer, when supposedly "copying" their work, so did this eclectic man metamorphose the Eastern source. The format and the relation of volume to space remain, but the overall composition and the handling are utterly idiosyncratic. The studies of single leafless trees, in particular, rank among the masterpieces of 16th-century Western drawing.

How the transition was made from that style to the manner illustrated by the study for "Virgin Enthroned With Saint Anne and Nine Saints" is difficult to imagine. This is another world. Standing figures done in thick strokes of black chalk look like dark shadows. The date is not later than January 1513 when the "Pala" of the Grand Council was completed in its present stage.

Badly torn but less rubbed, a drawing in the same general mood belongs to a related group of compositional studies. The monumentality of the standing figures in this sketch for "Holy Conversation" combines with a rhythmical feel conveyed by the black chalk strokes. This sketch appears to have inspired the vast picture on panel depicting "The Mystic Marriage of Saint Catherine of Siena," 257 by 228 centimeters (101 by 90 inches). The general scheme is similar. But the battered sketch on loan from the Lille museum is as powerfully expressive as the finished picture, suavely

None of his work is blasphe-

mous, he says. "You can't have

the sacred without the profane.

I wouldn't be so obsessed with

Christianity if I didn't have a

feeling for it, and I find it

strange when people call me an



Detail of a sculpture in wood and metal, relating to the Dogon myth of creation.

A Superb Dogon Legacy

By Michael Gibson nal Herald Tribune

ARIS - In yet another superbly chosen and presented exhibition of African art, the Dapper Museum has turned its atten-

tion to Dogon sculpture. The Dogon people settled in the southwest part of Mali, possibly as early as the 13th century, after more than a century of wandering, apparently undertaken to escape pressure to convert to Islam.

The area where they have been living for seven centuries, mingled with a number of other peoples, is divided by an impressive, beetling cliff, about 260 kilometers (160 miles) long, under ornate, is lifeless. One is a great work of art, the other an outsized church prop.
Somehow, something eludes us. We know too little about Fra Bartolommeo, small terraced gardens.

there before"), and a number of works on view at the Dapper museum are attributed to these people who still live in the area.

The sculptures represent seated couples, mother and child groups, standing figures with raised arms, masks, pillars (with breasts), granary doors, equestrian figures, headrests and Y-shaped "chairs." They are won-derfully sober and expressive.

The splendid hieratic cou-ples, of which there are several outstanding specimens in the exhibition (which runs through April 10), touch upon the Dogon creation myth preserved in the oral tradition. It takes the shape of an unusually dense narrative which begins: "In the beginning, before all things, was Ama, God, and he rested on nothing." The text may re-mind one of Genesis, but what comes next clearly does not. Ama is an androgynous entity, and it is he/she who is represented in these sculptures in the Edenic shape of an innocently incestuous brother-sister cou-

Another recurrent theme represents a standing figure with arms raised. Frequently described as a "supplicant praying for rain," it is also thought to reflect a later episode of the creation myth.

The twofold figure of Ama, it appears, produced several placentas, each containing twins of opposite sexes, in the shape of catfish. One of these, Ogo, the male twin, got impatient and, in trying to reach his sister, broke out of the placenta, unfortunately impregnating the earth. his mother, in the process.

This primal fault called for acrificial reparation, and There, the Dogon, who now ogo's innocent brother was number about 500,000, came tied, arms raised, to a forked upon another people, referred to tree and cut to pieces. Ultimate-as the Tellem ("those who were ly, Ama brought him back to ly, Ama brought him back to life in the form of twins of opposite sexes. The figure with raised arms is consequently said to represent the Nommo, or redeeming twin.

> On the occasion of the exhibition, the Dapper Foundation took the initiative of scientifi-cally dating 22 of the works, using such techniques as dendrochronology and carbon 14.
> One was dated around 960, one around 1350, while the majority were found to date from the 16th to the 19th centuries. These results were surprising since it is widely assumed that most surviving pieces of Afri-can art do not hark back beyond the 19th century.



Saturday-Sunday January 21-22, 1995

Standing figure with raised arms, a recurring theme.

Andres Serrano: Method and Shock Value

By Celia McGee New York Times Service

Study for an "Annunciation" by Fra Bartolommeo.

EW YORK - One evening two months ago, a number of tions gathered for a candlelight vigil outside the Institute of Contemporary Art in Philadelphia to protest the debut of and moral taboos. Andres Serrano's first museum

retrospective. Arriving from New York for the opening, Serrano joined the marchers briefly. "I asked them what was going on," he said, "and they explained that it wasn't right for the public to see this work. They weren't going inside to see it either, because they knew it was blasphemous." In his courtly and gentle man-ner, Serrano wished them luck.

"A few weeks later," he said, "one of the marchers eventually went to the show and wrote in the comment book that he felt guilty for not being offended.
That's very telling — most peowork have his television set soundlessly to
his television set soundlessly to ple criticizing my work have never seen it."

Now, through April 9, "Andres Serrano: Works 1983-1993" can be seen at the New Museum of Contemporary Art in Manhattan: early Cibachromes of melodramatically posed tableaux, more abstract compositions and the "Immersion" series including his notorious crucifix suspended in urine, close-ups of guns and portrait photographs of outcasts, misfits and the dead.

"Andres has been innovative," said Marcia Tucker, the director of the museum, "because his art opens up into so many issues, of popular culture other hand, don't sit so well

physical body. He puts together things that people have strong reactions to."

questioned longest is that of the Roman Catholic Church; his work has been both a quarrel

Like Robert Mapplethorpe, Cindy Sherman and others, Serrano, 44, has used some of the Christian organiza- most visually seductive, normally harmless imagery avail-— religious and sexual, political cious and intolerant."

blood, soil, semen and urine court controversy. And find it.

In 1989 Senator Jesse Helms, among others, denounced Serand cited Serrano as a reason for eliminating the endowment

ERCHED on the neo-Gothic, velvet-draped bed that dominates the front room of his aparta 24-hour broadcast of "Leave It to Beaver," a favorite show during his boyhood.

Then he lived in Williamsburg, Brooklyn, with his African-Cuban mother. After his Honduran father left for good, his mother often disappeared as well, hospitalized for psychotic episodes in which she heard re-ligious voices.

"It's a really insightful ow," Serrano said. "Ward show," Serrano said. "Ward Cleaver would say things to his sons that were great." Serrano is all for father figures.

Authoritarian figures, on the and taste, of the intersection of belief and disenfranchisement, and about the spiritual and

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- Monday, January 30, 1995 – Room 5 at 2.15 p.m. - HAUTE EPOQUE. Robert Pinquier

Collection and other collectors. Expert: M. M. Coquenpot. On view: Saturday, January 28, 11 a.m.-6 p.m., Monday, January 30, 11 a.m.-12 a.m. ETUDE TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel.: (1) 53 30 30 30. - Rix: (1) 53 30 30 31. In NEW YORK please contact Ketty Maisonrouge & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 / 737 38 13 - Fax: (212) 861 14 34.

—Tuesday, January 31, 1995-Room 8 at 2 p.m. - ATELIERS LEROUX. MILLON-ROBERT, 19, rue de la Grange-Batelière, 75009 PARIS. Tel.: (1) 48 00 99 44 - Fax: (1) 48 00 98 58. -Wednesday, February 1, 1995 –

Room 7 at 2.15 p.m. – FURNITURE AND OBJETS D'ART. On view: Tuesday, January 31, 11 a.m. – 6 p.m., Wednesday, February 1, 11 a.m. – 12 a.m. ETUDE TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel.: (1) 53 30 30 30 - Fax: (1) 53 30 30 31. In NEW YORK please contact Ketty Maisonnouge & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 / 737 38 13 - Fax: (212) 861 14 34.

- Thursday, February 2, 1995 Room 11 at 2 p.m. - FURNITURE AND OBJETS D'ART. MILLON-ROBERT, 19, rue de la Grange-Batelière, 75009 PARIS. Tel.: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

- Friday, February 3, 1995 -Room 7 at 2 p.m. - OLD MASTER PAINTINGS - FURNITURE AND OBJETS D'ART - RUGS - TAPESTRIES.

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Room 1 at 2.15 p.m. – OLD AND MODERN PRINTS. Expens: Mrs. Denise Rousseau and Sylvie Collignon. On view: Thursday February 2, 11 a.m. - 6 p.m., Frikay, February 3, 11 a.m.-12 a.m. ETUDE TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel.: (1) 53 30 30 - Fax: (1) 53 30 30 - St.: (1) 53 30 30 - St.: (1) 53 30 30 30 - Fax: (2) 737 38 13 - Fax: (2) 861 14 34.

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-Wednesday, February 8, 1995 -Room 1 at 2.30 p.m. - FAR EASTERN ART. MILLON-ROBERT, 19, rue de la Grange-Batellière, 75009 PARIS. Tel.: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

:Met Opts for Preemption New York Times Service

EW YORK - The Metropolitan Muse-um of Art announced Thursday that it had exercised an option to buy a work that was part of an auction of Old Master paintings from the financially troubled New York Historical Society at Sotheby's last week.

The highest bidder for the painting — Lo Scheggia's "Tri-umph of Fame," a 1449 circular by the Met last Friday, when it painting that was the birth plate had not yet taken place.

Reiner Zeitz, a London dealer who was willing to pay \$2.2 million. But under an agreement worked out last fall by the Historical Society, Sotheby's and the New York State attorney general, state institutions had the right to match any offer made on the 183 Old Master paintings within seven days of the Jan. 12 sale.

The New York Times errone-

with the institution and an attempt to find a more personal. folkloric Christianity. The church's policies, he said,

are "at least indifferent to huable to address - and challenge man need, and at worst mali-

Pretty pictures made with ister, haughty clergy, and has lood, soil, semen and urine photographed cheesy, mass-prorano and an exhibition financed er love, and Christ and Madonby the National Endowment for the Arts that included his work,

He has created pictures of sin-

duced crucifixes oozing blood, Plexiglas crosses encasing milk as a symbol of purity and moth-

A high school dropout at 15, he enrolled briefly in art school at 17, and became a drug dealer and addict at 20. A wife and

infant daughter were already history. At 28, he kicked his habit and took up art again. "I felt a biological clock inside me saying that if I was still on drugs at 30, I wouldn't fulfill my destiny to be an artist," Serrano said. He joined the radical art-ists' collaborative Group Mate-people travel they take pictures. rials and is still a member. Yet I visit churches and buy religious he remains a loner.

dressed such crises as AIDS.

clubs with loud music where ments, a bishop's throne, cande-I'm around a lot of people I labra, stained glass and holy picearthy dignity to artifacts he don't have to talk to," he said, tures that occasionally double as considered cheapened by com- He and his wife, the artist Julie props for his art.

anti-Christian bigot. What is wrong is to make something that isn't beautiful." The Church too is "a temple

remains a loner. things." His apartment is an "I like to go out at night to wonderland of priestly vest-

ART EXHIBITIONS

mercialization, and that ad- Ault, keep separate apartments.

Floral Bouquet

Yorki of Drawings

Earthquakes Yet to Come

America? More than 4,000 people are dead, 23,000 injured and 300,000 homeless. Nearly 40,000 buildings have been destroyed and property losses amount to about \$50 billion. Indeed it could. Earthquakes, which strike without warning, can inflict enormous destruction anywhere.

Each full point on the Richter scale represents a tenfold increase in energy released. Last year's Los Angeles quake measured 6.8. The Kobe quake, at 7.2, was more than twice as powerful. Seismologists say a 7.5-magnitude quake, many times more powerful than Japan's, is a realistic possibility for Los Angeles.

An earthquake's destructiveness depends not just on the energy it releases but on other factors like the type and depth of the earth's movement, the direction of the shock wave, and the type of rock or soil it passes through. More controllable are reinforcement and flexibility standards for buildings, roads and bridges in earthquake zones. Such structures can be made earthquake-resistant, but never fully earth-quake-proof. Past a certain threshold, highway overpasses will buckle, bridges will crack, buildings tumble, underground utility lines burst and explode.

Japan's current construction standards

Could a Kobe-scale disaster happen in are comparable to those used in earthquake-prone areas of America. But these apply only to buildings built after 1971. It is still too early to determine how well Kobe's newer buildings withstood Tuesday's shock, but any lessons learned there will need to be applied in America as well.

Kobe is the main port of the Kansai,

one of Japan's two main urban industrial regions. It is closely linked to the nearby metropolis of Osaka and the architectural treasures of Kyoto and Nara. All felt the quake, but the destruction was concentrated in Kobe, a city of 1.4 million. What happens economically when one of the world's top industrial powers has its No. 2 port shattered? No one really knows. Forecasters say the destruction could be more than balanced by the stimulus of new construction. Japan is emerging from a long recession and could use a boost. The likely rise in domestic demand should reduce Japan's internationally un-

popular trade surpluses.

Japan has most of the resources it needs to recover from this disaster. But the offers of help from around the globe, including the United States, are important. They express the compassion that unites us all in our vulnerability to such cataclysms.

-THE NEW YORK TIMES.

Smithsonian Follies

That's some mess they've got themselves into at the Smithsonian's Air and Space Museum. Veterans' groups and several congressmen have called for scuttling of the museum's planned 50th anniversary exhibit of the fuselage of the Enola Gay, the B-29 that dropped the first atomic bomb on Japan. They further demand the resignation of the Air and Space Museum's director, hearings into the exhibit's development and a possible removal of the aircraft to a neutral location. Smithsonian Secretary I. Michael Heyman responded on Thursday by agreeing that the full Smithsonian board of regents, in its scheduled meeting on Jan. 30, will take up and "fully discuss" the question of whether and how to proceed with the exhibit, slated to open in May but bogged down from the first in denunciations of its incredibly propagandistic and intellectually shabby early drafts and then in denunciations of the denunciations from defenders of those drafts on the other side.

Vigorous debates over history are one thing, but the progress of this one has been of a different, awful order, even given a topic that is intrinsically raw, emotional and of intense interest. The latest outburst of opposition follows a prolonged and bizarre period when the exhibit's curators, led by Air and Space Director Martin Harwit, were engaging in line-by-line negotiations over drafts of the show with representatives of the American Legion and other groups angry at its content and a tendentiously anti-nuclear and anti-American tone. Initial drafts of the show. which dealt at length with the birth of the nuclear age and the question of whether America had done something militarily

unnecessary and vengeful in dropping the bomb, plunged the museum into controversy that it repeatedly worsened by misplaced condescension and refusal to see the criticisms of bias as anything but the

carping of the insufficiently sophisticated. Meltdown apparently hit when Mr. Harwit sent a letter to Legion representatives -- later apologized for by his superiors -seeking to reopen questions of labelwriting on which the Legion thought it and the museum had come to agreement. Subsequent talks fell apart when the Legion took its complaints to the Hill.

Never mind how a museum of the Smithsonian's stature could have slipped into the absurdity of negotiating its labels. What it needs to do now is clear this mess off its screen. The board meeting, which is normally attended by regents including the vice president, several senators, Chief Justice William Rehnquist and many others, is an opportunity for museum officials to start fresh. Forget the coalitions of negotiators, forget the representatives of interest groups and, especially, the team that bungled this so badly in the first place -from Mr. Harwit on down. Get a couple of respected historians of the period, a military expert or two and some people who know about mounting good exhibits, and charge them with getting a reasonable

commemorative exhibit to the museum The fuselage of the Enola Gay is an emotion-soaked artifact and a piece of historical heritage that the American peodeserve a historical presentation worthy of the subject and of the standards that the Smithsonian unaccountably let slip in this chaotic case.

-- THE WASHINGTON POST.

In and Out of Haiti

Defense Secretary William Perry has pronounced the magic words on Haiti — "safe and secure" — that trigger replacement of the U.S.-led multinational force there by United Nations peacekeepers. There will be a strong, although minority, American component in the UN force. and, to fit American political tastes, its commander is to be an American. Nonetheless, in short order there will be more than a symbolic passing of responsibility. Despite everything, to many in Haiti a U.S. force means something serious and a UN force means something uncertain. It is

bound to be a nervous passage.

Ideally, before they ended the part of the rescue they dominated, American peacekeepers would have disarmed Haiti. trained up a police force and made over the army. But disarming all the gangs, irregulars and paramilitaries was deemed more ambitious than U.S. political traffic would bear. Modernizing the police posed managerial and political problems that have only begun to be addressed. Relitting the previous corrupt dictatorship's army is even more challenging. American occupying forces have kept the lid on and set a good apolitical professional model. But Haiti's violence-ridden political culture will ebb only slowly. The temptation for an apprehensive leadership to repoliticize

security forces cannot be dismissed. In the absence of effective (and democratic) means of ensuring law and order. American officials have stressed the contribution made to security by political stability. President Jean-Bertrand Aristide. restored to office by American power, is searching out firm middle ground, prepar-

ing the country for parliamentary elections and hunting for aid and the means of growth. Yet there is no disguising the anxiety found among the most knowledge able American officials. One thinks that Haiti needs 3,000 American soldiers for 10 years to deter the kind of trouble that

would spur big refugee flows. Before Republicans took over Congress, an American political scene spoiled for UN peacekeeping by an alternoon's casualties in Somalia had accepted a duty to act in Haiti but demanded a quick American-controlled in and out. It is getting just about that. In the circumstances. Haiti is lucky to get that much. But it's cutting things close.

- THE WASHINGTON POST.

Other Comment

School's Work in South Africa

This month, with the start of the new school year, Nelson Mandela's govern-ment opened for the first time all state schools to pupils of all colors. After years of apartheid, South Africa has a fearsome amount of undoing to do. Mr. Mandela needs to foster a culture of participation among a generation of schoolchildren raised on political protest. In this, the queues of black parents waiting to register their children at schools this term were an encouraging sign. Unless the government can persuade them, once at school, to stay there, most efforts to improve the quality of South African education will be in vain.

- The Economist (London).

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Beyond China's Deathwatch, a Future to Worry About

LONDON - The Deng Xiaoping deathwatch is on in earnest. A recently published photograph, the first in a year, and an interview that Mr. Deng's daughter granted The New York Times confirm the patriarch's incapacitation.

Political successions in Communist states are unpredictable and unstable. In China, the death of Chairman Mao 19 years ago resulted in midnight arrests. purges and a prolonged transition before

China is in many ways a tinderbox that needs only a match. Deaths of senior leaders have provided such ignition in the past.

Deng Xiaoping emerged as paramount leader. By contrast, the succession to Mr. Deng is likely to be smooth in the near term. The situation six months or a year later is less predictable.

It can be argued that the succession has already occurred, as Mr. Deng and his fellow elders have installed a collective group of successors since 1992. There are some and lissures in group of post-Deng leaders. Some have stronger power bases than others. But China's elite today is notable for its relative lack of factionalism and political infighting. This apparent stability may be illusory, but it is in marked contrast with the Maoist era and much of the period under Mr. Deng's rule.

No present Chinese leader can fill Mr. Deng's shoes. The country will lack an emperor figure or paramount leader in his absence. His third chosen successor, By David Shambaugh

Jiang Zemin, will be the first among equals. His sustainability is less sure. Mr. Jiang is acceptable to the four principal constituencies in the Chinese political elite — the Communist Party ideologues and apparatchiks, the military, provincial administrators, and economic technocrats. Politics is about bal-

ancing interests and groupings. Mr. Jiang

is a balancer. He knows that his future

depends on maintaining the support of each group, particularly the military. One of two wild cards in the succession game is retired party elders and former leaders who have been purged or removed from office in recent years. Chen Yun, Peng Zhen, Bo Yibo, Song Ping, Zhang Aiping and others can be expected to weigh in. Each backs different clients

in the current Politburo. Chinese politics resembles Mafia patron-client networks, and the elders will exercise their influence via their proteges. The influence of the elders, like that of the military generally, will be politically conservative. This would tend to pre-clude the emergence of a Chinese Mikhail Gorbachev and significant political reform. Having watched the former Soviet Union, the old guard in China sees liberalization as a slippery slope to extinction for Communist Party rule.

The other imponderable concerns the post-Deng roles of former Prime Minister and party General Secretary Zhao Ziyang and the former armed forces strongman Yang Shangkun. Mr. Zhao, deposed for opposing the bloody military suppression of the democracy movement in 1989, waits in the wings much as Mr. Deng did at the time of Mao's death.

Now 75, he could energize and restore some popular legitimacy to the party, carry out needed political reforms and enlist the support of the intelligentsia and many economic reformers.

However, he is opposed by the conservalive party elders, and his return to power would undoubtedly necessitate a reversal of verdicts on the massacre of pro-democracy protestors in June 1989. It would also necessitate the removal of Prime Minister Li Peng and other current party leaders. The chances of a comeback Mr. Zhao seem slim, but stranger things have happened in Chinese politics, and it should not be ruled out.

Former President Yang Shangkun, who happens to have long-standing career ties to Mr. Zhao as well as a strong following in the military, must also be reckoned with. Mr. Yang, 87, is still smarting from being forced into retirement in 1993, and he remains a key power broker behind the scenes.

The current leadership appears secure for the time bring and will probably weather the immediate post-Deng transition intact. Mr. Jiang has shored up support among the military and party ideoogues. He has emerged as a statesman on the world stage in the last year.

Prime Minister Li, while disliked at home and abroad, has a strong power base in the State Council ministries and has carved out a politically safe position on the pace of economic reform.

The National People's Congress chair-

man and internal security czar, Qiao Shi, has emerged from the shadows and is displaying a higher profile. Some see him as a Chinese Yuri Andropov. There are slight indications that he could emerge as a key advocate of political liberalization. Deputy Prime Minister Zhu Rongji is

vulnerable for lack of political clients and an institutional or geographical base of support, and because of the constituencies he has offended by his administrative style and unpopular economic measures.

Ultimately, the succession will have less to do with personalities in Beijing and more to do with systemic change throughout China. How the collective leadership addresses the multiple social and economic problems the country con-

fronts will determine its fate. Mr. Deng's successors will be put to the test in 1995 to bring down inflation. cool off the overheated economy, restructure state enterprises, control crime and corruption, stem the tide of migrant labor, cushion unemployment in rural and urban areas, cope with the Taiwan issue, and manage relations with the United States and Japan.

China is undergoing wrenching sys-temic transitions. The leadership transition to the post-Deng era is only one of them. It is perhaps the most predictable and easiest to manage. More difficult are the socioeconomic pressures from below that could coalesce to produce revolutionary change and transform China's political superstructure. China is in many ways a tinderbox that needs only a match, and deaths of senior leaders have

provided such ignition in the past.

If China crupts after Mr. Deng dies, an authoritarian retrenchment and the spilling of blood to maintain the party in power are a far more likely scenario than the blossoming of Chinese democracy.

The writer, senior lecturer in Chinese politics at the School of Oriental and African Studies, University of London, and editor of The China Quarterly, contributed this comment to the Herald Tribune.

Wake Up to These Preventable Opportunities for Nuclear Smugglers

N EW YORK — On Dec. 20, the Czech government announced that it had arrested a band of nuclear smugglers. They were caught with three kilograms of highly enriched uranium, a stash greater than any ever seized outside the former Soviet Union. Such enriched uranium can be used as a nuclear bomb trigger or to create easily transportable ra-

diation-spreading weapons.
One month later, intelligence officials are not sure where some of the six smugglers came from, where the material originated or who the customers were. They do say that the uranium probably was not from a weapon but from a civilian reactor or laboratory even more worrisome. In the United States, a few re-

porters wrote about it once or twice, a few nuclear specialists in and out of government paid at-tention. That's it.

One thing you have to say about Americans: When it comes By A. M. Rosenthal

to danger to themselves and their country from widespread international terrorism, they are real relaxed, hardly twitch a nerve. You have to say it because it is true, but it certainly is not a compliment. It speaks less of bravery

than of American historic memory, roughly comparable to a butterfly's, and of a special thickheadedness: It can't happen here or to us, even when it already has. U.S. servicemen, 241 of them, were killed in their barracks in Lebanon by a suicide bomber. Pan Am 103, an American plane,

the kind that ordinary Americans fill by the thousands every day, was blown to small bits along with its 259 passengers. And the World Trade Center bombing. The only great surprise

is that the killers were not more efficient in placing the bomb they could have murdered hundreds -or did not lace it with the

poison of plutonium, stockpiled in civilian nuclear plants all over the world. A little of that could spread around the whole finan-

cial district, and beyond. Nuclear smuggling gets a few sticks of type or some air time; not much, but more than the public seems willing to attend to while it concentrates on O. J. Simpson and Roseanne's pregnancy. It is important not to overem-

phasize dangers. That could frighten people. But it is more important not to pretend that longrange dangers, or even shortrange like tomorrow do not exist. That could kill people.

A week ago I wrote about countries that wanted to sell "peacefuluse" nuclear reactors to Iran. That would allow Iran to produce plutonium, like highly enriched uranium one of the essential ingredients of the nuclear bomb. Tehran would move much faster toward

the day it could say, well, here we are in the club. Satan.

So back to Prague. Two of the nuclear smugglers carried Russian passports. The belief is that the uranium came from a "peaceful" plant in the former Soviet Union, because controls on those plants are sieves. Make your own list of potential enriched-uranium customers - at least a half-dozen nations and twice as many terrorist groups. So far, police say, they have not found an organized mafia running nuclear smuggling.

But it is strenuously optimistic to believe that smugglers risk their lives just in the hope of picking up a customer on some street corner or in a classified ad.

The uranium smuggled into Prague is of a grade used in the Hiroshima bomb. The amount is less than is needed to trigger a by the Nuclear Control Institute of Washington Washington range from five and a half kilograms up.

The shortfall in the Prague cache may give you comfort, unless the thought strikes that maybe potential customers had uranium on hand already or were expecting some. Also, the institute says three kilograms would be sufficient to construct not a, bomb but an "easily transportable and concealable" weapon to disperse lethal radioactivity.

Without enriched uranium or plutonium, nuclear power plants; can work but weapons cannot be constructed. With them, for skilled terrorists or countries driving toward nuclear weapons. the job should be assumed to be entirely manageable.

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In April the Nuclear Nonproliferation Treaty will be up for review. If Republicans and Democrats want a true bipartisan achievement, U.S. leadership to eliminate plutonium and enricheduranium production would be remembered always, and blessed.

The New York Times.

Leave NAFTA's Cheerleaders Down in Their Hole Without a Ladder

WASHINGTON — In a fam-ous joke told on economists. an economics professor and his student are strolling across campus. Deep in conversation, they fall into a manhole. "Now what?" asks the student. "Assume a ladder," replies the economist.

Economic forecasts are notorious for improbable assumptions. Consider the now tarnished North American Free Trade Agreement.

Economists predicted that NAFTA would raise living standards in both countries. As Mexico opened, U.S. private capital would roar in: U.S. exports of high-tech machinery and sophis-ticated consumer goods would rise, more than offsetting the loss of low-wage jobs.

In turn, increased Mexican prosperity would reduce illegal immigration and enhance Mexican political stability. NAFTA supporters confidently predicted that it would create half a million

By Robert Kuttner

new U.S. jobs, thanks to increased U.S. exports. You only Economics, forecast that foreign had to assume a ladder.

Then, last Dec. 20, the peso crashed. Soon it lost 40 percent of its value. Likewise the Mexican stock market, and Mexican buying power. Instead of new customers, profits and jobs, the United States will incur a loan-guarantee expo-sure of \$40 billion. And since U.S. wages are suddenly 40 percent more valuable to Mexican workers, the United States will also

receive more immigrants. The economic models, treated as scientific evidence by the Bush and Clinton administrations, made amazing assumptions. They assumed a strong peso and political stability. They assumed that international investors would not first overinvest and then flee. They assumed ladders.

One oft-cited study, by Gary Hufbauer and Jeffrey Schott of

investment in Mexico would rise by \$12 billion, creating hundreds of thousands of new jobs. They projected a 29 percent rise in the peso, and a U.S. trade surplus with Mexico of \$7 billion to \$9 billion throughout the 1990s.

But the actual U.S. trade surplus peaked in 1992 and dropped to under \$2 billion in each of the past two years; it will likely turn negative this year.

Writing in February 1993, as the NAFTA vote approached, Mr. Hulbauer and Mr. Schott warned that rejection of NAFTA "would probably cause capital to leave Mexico, in turn forcing Mexico to contract its imports, thereby slashing the growth of U.S. exports and drastically shrinking the U.S. trade surplus with Mexico."

Of course, that is just what

happened after NAFTA passed. But is it fair to blame NAFTA for these reverses? I think so. Both the politics and

the economics of NAFTA encouraged Mexico to keep its peso overvalued, to the point where a crash was just a matter of time. Mexico deliberately kept its currency overvalued in 1993 and 1994, attracting huge flows of private capital. producing an overheated invest-ment and consumption boom, and giving the Mexican economy an artificially rosy glow.

Mexico's negative balance of payments reached minus \$28 bilion in 1994. Excessive Mexican imports of consumer goods and production machinery had to be paid for with imports of capital. Such inflows could make up the difference only as long as investors retained confidence.

Finance Minister Jaime Serra Puche, trained at Yale and hailed as the genius of NAFTA, kept this illusion going long enough to win NAFTA's passage and to assure the ruling party's re-election.
Absent NAFTA fever, Mexico would likely have pursued a more would likely have pursued a more prudent course of gradual devalu-ation. When the inevitable crash came, Mr. Serra was discarded as the scapegoat. Having promoted NAFTA so heavily, the United States now feels compelled to treat Mexico as a ward.

One of the few U.S. critics of NAFTA, Jeff Faux of the Economic Policy Institute, warned in a June 1993 paper that "Mexico is heading for an economic crisis." The balance of payments deficit

"will sooner or later require a devaluation of the Mexican peso ... The only way an economic crisis can be avoided is if Mexico suddenly begins to run a massive trade surplus with the U.S. ... But if NAFTA is going. to create jobs in the U.S., we must

run a surplus with Mexico." Mr. Hufbauer still supports NAFTA. "We didn't expect the capital inflows to be so large," he says now. "The numbers got too good too fast, and it all fell apart." Ah, but how like the free market!

As part of the Mexican government's new austerity pact, wage increases will be held to 7 percent, although inflation is expected to run at 15 to 20 percent. In other words, real Mexican living standards, which still have not climbed back to the levels of 1982, will fall

by at least 8 percent this year.

It is ironic indeed that this journey to a free global markerplace is leaving Mexico with U.S.-sponsored bailouts, currency stabilization deals and austerity pacts — hardly a free market.
Imagine what else Mexico might have done with \$40 billion in loan guarantees for economic development rather than bailouts, with less reliance on lickle flows of

private capital, and no NAFTA.
The Mexican economy, tethered ever closer to U.S.-trained economists and the theory of laissezfaire, has crashed for the second time in little more than a decade. The credibility of NAFTA's cheerleaders and their forecasting models deserves to crash with it.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Imperial Artist

BERLIN - The Volks Zeitung today (Jan. 19) gives details of the Emperor's fondness for painting. The writer tells of a painter who stopped at the Palace and His majesty said to him: Let us go and do some drawing." The Emperor commenced designing a corvette and, once satisfied with the completed work said, "You see my friend if I was forced to earn my living I could do so as a draughtsman." There is no doubt that William II possesses a real talent for drawing. For a long time past he has prepared all naval designs laid before the Reichstag.

1920: Next an 'Aerobus'

PARIS - Can an aeroplane carrying 25 passengers repeat the ex-ploit of Captain Sir John Alcock in flying across the Atlantic? The American aeropiane constructor

Lawson says it can and announces that this spring he will make the attempt in a specially constructed "aerobus". He says there will be no difficulty in recruiting 25 daredevils for the flight, and, as he has every confidence in his machine, he foresees nothing to prevent the success of his effort.

1945: Hungarian Deal LONDON — The Moscow radio

announced today [Jan. 20] that an armistice agreement has been signed between Hungary and the Allied powers. [The Herald says in an editorial:] The armistice terms have not yet been revealed, and the German enemy has not yet been driven from Hungarian soil; Hungary's future is still cloaked in mystery. It is perfectly clear, however, that Hungary has gained nothing through the war. Her association with German imperialism has meant nothing but misery.

Dead as Old Fritz but Not Forgotten

BERLIN - A sleeper awak-ening in Berlin after 75 years might be most amazed by something less obvious than the physical changes in Germany's once and future capital. The Prussian kingdom, which united Germany and then dominated much of Europe, has simply vanished as a political or geographic entity.

This erasure was the result of a formal decision in 1947 by the Allied Control Council, representing Germany's four occupying powers. Under Law 46, the council totally abolished what used to be the state of Prussia

and all its agencies. What was left of Prussia's feudal elite was eliminated when the East German Communists confiscated former Junker estates and razed the old Royal Palace. Today a visitor will find but a single institution in reunited Berlin that bears the old royal name: the Prussian Cultural Foundation, which, fittingly enough, manages the city's museums.

The elimination of Prussia was prompted by the deeply held conviction that Prussian militarism was the cause of death and destruction throughout Europe. But now, with Berlin poised to become the capital of a united Reich, Germans are looking more sympathetically at the Prussian past." in this anniversary year of By Karl E. Meyer

German defeat and disgrace, the old Prussian values of honor, service, thrift and hard work have their allure. Oddly, East German Communists led the way. Eager to prove their authentic Germanism, they restored Frederick the Great to his pedestal on Unter den Linden in 1980.

More recently, Chancellor Helmut Kohl attended a state ceremony in which the king's coffin was reburied beside his beloved dogs in the garden of his Potsdam palace.

And why not? An American visitor in Berlin is likely to be reminded that old Prussia was known for its tolerance and that its early kings not only created a capital of classic elegance but also provided a haven for persecuted Jews and French Protestants. Bismarck, the Prussian "Iron Chancellor" who united Germany in 1870, was a realist and conservative who had little in common with the Nazi thugs. Indeed, one is reminded, Prussian officers took the lead in trying to kill Hitler in July 1944.

True, but scarcely the whole truth. As a British critic remarked, Prussian officers were far more effective as servants than opponents of the Nazi state. An early era of tolerance

century by pervasive bigotry against Jews. Catholics and Poles. For all his genius, Bismarck loathed democracy and "dirty constitutionalism." He shaped an autocratic system with only the feeblest checks on a headstrong emperor and his generals, who subsequently undid Bismarck's diplomacy and stumbled into World War I. The imperial spiked helmet

was followed in the mid-19th

became the very emblem of Prussia. Wilhelm II, the last kaiser, was so obsessed by military dress, writes Gordon Craig, that wherever he went he was surrounded by a "cloud of uniforms," A famous story concerns an out-of-work shoemaker named Voigt who in 1906 masqueraded in a captain's uniform and was reflexively obeyed by a squadron of soldiers as he took over the Köpenick city hall and was handed all the municipality's funds.

It could not happen in today's Berlin, where uniforms are rare and even the police and hotel doormen dress down. Between the trauma of defeat and the hard Allied decision to abolish Prussia, old-style militarism is as dead as old Fritz, next to his dogs at Sans Souci. In that respect, mercifully, this former Prussian capital seems well and truly changed.

The New York Times.

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Alterior Carlo	1						
	Fri. close	Prev. close	% change		Fri. closs	Prev. close	% change
Energy	113.22	113.30	-0.07	Capital Goods	11231	113.21	-0.79
Utilities	118.12	119.13	-0.85	Raw Materials	134.63	135.70	-0.79
Finance	107.44	109.80	-2.15	Consumer Goods	102.17	103.21	-1.01
Services	107.41	107.95	-0.50	Miscellaneous	113.02	114.41	-1.21

Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Macintosh Users Sour on Microsoft Spat Over Latest Program Threatens Market Control

International Herald Tribune, Saturday-Sunday, January 21-22, 1995

By John Markoff New York Times Service

SAN FRANCISCO - Can great big software companies write truly great computer

The question is being raised by users of Macintosh computers, who are widely reviling and rejecting Microsoft Corp.'s newest version of its word processing program. Word, for use on Apple Computer Inc.'s machines. Microsoft, the world's largest software publisher, dominates the market for Macintosh software, including a 65 percent share of Macintosh word processing programs.

But the Word controversy is threatening Microsoft's control of that niche, as a growing number of Macintosh customers have begun switching to word processing programs from several smaller companies. Macintosh users complain that the new version of the Microsoft program, Word 6.0, is too slow and unwieldy and has too many bugs.

They also contend that the program, released last autumn, has not been adequately fine-tuned to the requirements of the Macintosh and

unreasonable number of bugs. lation of the version of Word 6.0 that Microsoft sells for the world's far-larger number of IBM-compatible personal computers.

Microsoft has at times rankled users by introducing a version of a product that failed to meet their expectations or contained a seemingly

Best known for its DOS-based

software, Microsoft also is a big

of some parts of the Macintosh

mail-order companies.

player in software sales for the Macintosh, Here is Microsoft's share

Microsoft executives say there is nothing unusual or alarming about the Word 6.0 uproar, and that the company is rushing to address the concerns.

But many Macintosh users see the problem as an early sign that Microsoft may be growing so big and diverse

The Mac Market Leader المُكَانِّلُةُ السَّالِيَّةُ السَّلِيَّةُ السَّلِيَّةُ السَّلِيَّةُ السَّلِيَّةُ السَّلِيَّةُ السَّلِيِّةُ السَّلِيَّةُ السَّلِيِّةُ السَّلِيَّةُ السَّلِيَّةُ السَّلِيَّةُ السَّلِيَّةُ السَّلِيِّةُ السَّلِيَّةُ السَّلِيَّةُ السَّلِيَّةُ السَّلِيَّةُ السَّلِيِّةُ السَلِّةُ السَّلِيِّةُ السَلِّةُ السَّلِيِّةُ السَلِّةُ السَلِّةُ السَلِّةُ السَلِّةُ السَالِيِّةُ السَّلِيِّةُ السَالِيِّةُ السَلِّةُ السَالِيِّةُ السَلِّةُ السَلِّةُ السَلِّ Macintosh software sales as a percentag Microsoft's revenu = \$5.2 billion

software market as a percent of total 1994 sales through retail stores and 7.8%

78.0%

Microsoft Excel

Lotus 123

22.0%

64.9% (31.1% Microsoft Works Wordperlect

tant details of a specific product - or so powerful that it doesn't care to sweat the small

Seeking to quell the com-plaints. Microsoft has announced a free maintenance version of the program, due by the end of March, to fix ugs. The company, based in Redmond, Washington, has scheduled a meeting to discuss the problem with analysis and reporters on Jan. 30 in Cupertino, California, where Apple is based.

To be sure, Microsoft still rules the software world and remains enormously profit-

This week it reported an earnings increase of 29 per-cent for its second quarter, to \$373 million, on the strength of better-than-expected sales of its products.

But some analysts see signs that Microsoft may be spreading itself too thin. They see symptoms of a company where the nimbleness necessary for top computer programming is in danger of being overwhelmed by a

See PROGRAM, Page 10

Clinton Presses Congress to Pass **Mexico Aid Plan**

By Lawrence Malkin emational Herald Tribune

NEW YORK - As financial markets throughout the Americas trembled, President Bill Clinton and several members of his administration publicly pressed Congress on Friday to approve Mexico's loan guarantees after Newt Gingrich, speaker of the House of Representatives, warned that the rescue package was in trouble.

The speaker saiid "confusion and disarray" among Democrats had delayed a vote on the \$40 billion guarantee. "It's not our fault that this administration does not seem to be able to get its ducks in a row," said Mr. Gingrich, who warned Democrats they would have to deliver at least half their members of Congress before the Republi-

cans would vote with them. Within minutes of his warning, the Mexican stock market dropped 52 points, or 2.54 percent, although it later regained the lost ground as reassuring noises emerged from Washington. At the close, the index stood at 2,065.45, up 13.56 points from Thursday.

Stock indexes were also lower in early trading in Brazil, Argentina, and Chile amid fears that a would send U.S. investors home with their money, but many of the markets later recovered.

The dollar, which weakened against most other currencies, rose 8 centavos in Mexico City, to 5.5850 pesos.

To reassure markets. Mr. Clinton called on Congress to 'do the right thing" and approve the rescue package to and prosperous course.'

of Management and Budget, Alice M. Rivlin, and Laura D'Andrea Tyson, head of the Council of Economic Advisers.

Treasury Secretary Robert E. Rubin predicted eventual passage and disclosed that Mexico had moved to guarantee repay-ment by depositing receipts from its oil exports in the Feder-Reserve Bank of New York.

He added that the package included "strict economic conditions." He did not give details but the package is known to amount to a Mexican austerity program to cut imports and reduce the trade deficit.

The immediate purpose of the U.S. loan guarantees is to reassure foreign investors that the Mexican peso has bottomed out. In the meantime, the government has been attracting funds by offering rates of more than 40 percent, which if continued for several months would provoke widespread bankruptcies among Mexican companies and lead to a crisis

in the banking system. In the past, Mexico has reacted to crises with exchange controls and import barriers, liquidating its debts through hyperinflation. Financial observers in Mexico City see that Mexican financial collapse pattern repeating itself if Congress blocks guarantees to enable the country to substitute more stable long-term debt for the short-term private funds now supporting Mexico's finances.

[Mr. Gingrich said it was incumbent on the administration to take the lead in getting the package completed, Bloomberg Business News reported from Washington, and that in the "put Mexico back on a stable meantime his top priority will be and prosperous course." meantime his top priority will be the Republicans. "Contract with He was supported by state- America," which promises, ments from Commerce Secre- among other things, reductions tary Ronald H. Brown in Lon- in taxes, spending and the size of don, the director of the Office the government.]

Quake Disrupts Production Across Asia Malaysia expects a glitch in production

Compiled by Our Staff From Dispatches

TOKYO - Some Japanese manufacturers are struggling to keep factories running after the earthquake that struck this week disrupted supplies of components and utilities, threatening to sever their industrial

Auto and electronics makers that escaped direct damage from the temblor on Tuesday are still suffering repercussions because of disruption to the production chain and to the power and water supplies that keep their businesses running.

"Our production department has become like a war tactics group," a Nissan and the largest exporter Motor Co. executive said Friday as the Thailand and Indonesia.

company battled to find ways around shortages of auto parts caused by quake damage to suppliers.

This intense effort is being repeated in many boardrooms and offices after the earthquake devastated parts of the industrial heartland of central Japan, disrupting main road and rail transport routes.

The ripples of the quake have been felt around Asia, from a delay in building a South Korean steel plant in Burma to a slowdown in car production in Malaysia. Japan holds Asia's largest economy. It is one of China's biggest trading partners and the largest exporter to South Korea,

of its Proton car, a joint product with Mitsubishi of Japan made with parts shipped from Kobe. There would be a shortfall of a few

thousand units in production, and there will be a longer waiting time for the buyers," Proton's managing director, Mohammad Nadzmi Mohammad Salleh, said Thursday. Proton is Malaysia's main auto supplier, producing 10,600 units a month.

On Friday, South Korea's state-run Pohang Iron & Steel Co. said the quake had forced a delay in plans to build a steel

See IMPACT, Page 13

ECONOMIC SCENE

Shock Therapy Put on the Couch

By Peter Passell New York Times Service

EW YORK - Is there a better way? With Mexico reeling from currency collapse, India shaken by an electoral backlash against pro-market reforms and the former Soviet bloc nostalgic for sausageon-every-plate socialism, it is again fashionable to imagine alternatives to the straight and narrow path to capitalism.

Three contrarian economists, loosely identified with the political left, have been happy to oblige.
"The Market Meets Its Match," a new

book by Alice Amsden of Massachusetts Institute of Technology, Jacek Kochanowicz of the University of Warsaw and Lance Taylor of the New School for Social Research, offers a critique of socalled shock therapy, as practiced in Eastern Europe, envisioning instead a gradual transition to free markets based on East Asia's experience.

The book does a credible job of attacking Pollyannas who thought capitalism would be an easy sell. But Jeffrey Sachs, an economist at Harvard University and an intellectual architect of shock therapy, brushes aside the authors' alternative. In a paper presented this month at a

conference in Tokyo, Mr. Sachs contends that the successes written so large on Asia's nearly blank economic slate can hardly be models for economies with legacies of bureaucratic meddling and a fierce sense of populist entitlement.
In what "The Market Meets Its Match"

calls the "blurry blueprint" drawn by the economics establishment, fiscal and mon-

Foreign capital and advanced technol-

ogy, brought by multinational businesses seeking cheap labor and virgin markets, will then revitalize newly privatized enterprises and direct their energies toward

exports.

Meanwhile, small-scale private enterprise will provide employment and new services, while antimonopoly policies and

A new book does a credible job of attacking Pollyannas who thought capitalism would be an easy sell.

open competition from imports will preent the rise of latter-day robber barons. In fact, the contrarians say, austerity has succeeded only in severing frayed commercial links between state enter-prises and depriving them of access to the capital and technology needed to compete with imports. The dribble of foreign investment has yet to make a dent in productivity. While markets pulse with buy-low, sell-dear trading. genuine entrepreneurship is rare.

The alternative? Look to Asia, they said, where capital has been directed toward productive enterprises by compe-tent civil servants, businesses have been encouraged to grow big enough to com-pete with the global behemoths and a

etary stability will set the stage for the focus on exports has prevented business-rebuilding of Eastern Europe. focus on exports has prevented business-

ed home markets. At first look, the model has its charms. Japan and South Korea have increased living standards tenfold without allowing their economies to be dominated by foreign corporations.

China has managed the fastest growth rate in the world over the last decade, and managed it without dismantling state-owned enterprises or running up the debts that have left much of Latin America at the mercy of fickle foreign investors.

Mr. Sachs contended the comparisons were spurious. The Asian miracle economies started the process of development as rural societies with little capital, no government safety net and very low ex-

Eastern Europe, by contrast, is largely urban and heavily — indeed, excessively — industrialized. Generations of workers were, in effect, forced to sign a social contract in which they settled for genteel poverty in return for a relaxed work ethic and cradle-to-grave security.

Where Asia could build modern factories with licensed foreign technology and disciplined workers who could be dismissed at will, Eastern Europe is stuck with the crumbling remnants of a Stalinist industrial infrastructure, wary multinationals that insist on controlling their own technology and workers who are linked to enterprises the way medieval peasants were tied to manors. Where Asia could tax lightly and as-

See SHOCK, Page 13

ECU

Shift to ECU Won't Happen Overnight

BRUSSELS — Europe's single currency should not come in one sweep, the European Commission was told Friday, but quickly in a few small spurts.

Banks would switch overnight for accounting purposes when European Union countries were ready for the currency, a group of specialists told the European Union's executive body in what is likely to be an influential report.

But Europe's residents would not find their pockets filled with unfamiliar money until maybe six months later. If a single currency is to be accepted by the public.

the report said, it would have to be stronger than any current national currency. Public- and private-sector interests should immediately start discussions on the how new notes and currencies would

be introduced, it said. The report was prepared by bankers,

academics and consumer representatives at the European Commission's request.

"The possibility of a 'big bang,' one-off or instantaneous introduction of all the elements that will go to make up a single European currency is most unlikely." the group that authored the report said.

The report said national currencies would be phased out within a year of Europe's switch to a single currency. But it recommended that the delay between the locking in of exchange rates and single-currency notes and coins coming into circulation should be no more than six months.

The report was immediately endorsed by Henning Christophersen, the commis-sioner in charge of monetary affairs.

"I share that view because otherwise you will run into some practical difficulties," he said of the ideas of speedy but multiple moves to a single currency.

The single currency, a cornerstone of the European Economic and Monetary Union, is due to be introduced in qualifying and willing EU countries in 1997 at the earliest or by 1999.

The issue of when is a controversial one, with a number of politicians, many of them representing the EU's French presidency, saying the earlier date was now possible.

France's president, François Mitter-rand, was among the latest, urging EU members at the European Parliament last week to strive for 1997.

Mr. Christophersen said 1997 would be difficult but possible.

He said the reason for France's recent push was because EU finance ministers had come to realize that with the rebound of European economies, the economic convergence criteria for a single currency were now reachable in some countries.

"It is logical to say that it could happen in 1997," Mr. Christophersen said, noting that most EU states had committed themselves to respecting the necessary criteria by that time.

U.S. Presses China Over **Patent Laws**

By Steve Mufson Vashington Past Service

BELJING -- U.S. movie, music and computer software industry representatives on Friday tried to step up pressure on China to enforce laws against the piracy of copyrighted and patented intellectual property. The industry's renewed alle-

gations came amid new talks between U.S. and Chinese trade negotiators over ways to settle their differences over the protection of intellectual property. The United States has set a

Feb. 4 deadline for China to make improvements or face sharply higher tariffs on Chi-nese goods imported by the United States. China responded by threatening to block U.S. companies from expanding in the vast Chinese market. The current round of talks is to end Saturday.

Brandishing bootleg compact disks, computer discs and other goods the industry representatives said had been bought during their visits to Beijing, they called China's piracy problem "the worst in the world."

Ken Wasch, executive director of the Software Publishers Association, estimated that there has only been one dollar worth of legal software sold for every one of the one million personal computers now in use in China. He added that many of those computers are used by government ministries.

Coke's Cultural Revolution **Creativity Gets Top Billing in Advertising**

By Stuart Elliott New York Times Service

NEW YORK - Four decades after Mao Zedong declared, "Let a hundred flowers bloom, let a hundred schools of thought contend," that most capitalistic consumer marketer, Coca-Cola Co., has adopted his philosophy for that most capitalistic pursuit,

And in what would no doubt have brought a frown to Mao's face, his advice seems to be

Facing intensifying competition in the soft drink industry, Coca-Cola is fundamentally altering its strategies in a way that could reshape how marketers sell their products. The company is declaring that the creativ-

ity of its ads — their ability to capture the attention of skeptical, busy shoppers — is more important than anything, even attributes like efficiency and economy long prized by corporate cultures.

"We've trying to change the model," said Sergio Zyman, senior vice president and chief marketing officer at Coca-Cola in Atlanta. who has been instrumental in orchestrating the shifts.

Rather than select its agencies on the basis of their ability to work for a large company with worldwide needs, as most multinational marketers have done for years, Coca-Cola began in 1991 to reach out to agencies based on creative criteria like the talents of their copywriters and art directors and their performance on smaller accounts.

The result has been a significant expansion of the company's roster of agencies, in marked contrast to when that roster was limited to a handful of Madison Avenue giants.

Coca-Cola has hired almost a score of shops, from small to large and located anywhere from Milan to Minneapolis. That is in

addition to its unconventional selection of a talent agency, the Creative Artists Agency, to create campaigns for its flagship brand.

Among the blooming flowers are animated polar bears for Coca Cola Classic, a barechested hunk named Lucky Vanous for Diet Coke and retro-chic posters that reshape the old wasp-waisted Coke bottle into a contem-

porary icon.
"I think we have the best advertising the company has had in its history," Mr. Zyman

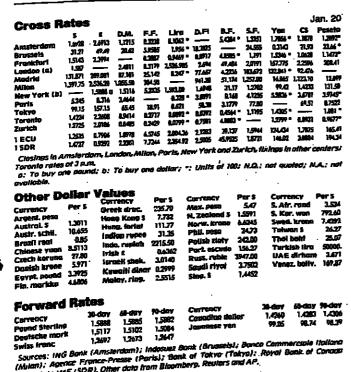
Even a top executive at Coca-Cola's principal rival has something nice to say. "Our reaction to that is the bar has gone up," said Craig Weatherup, president and chief executive at the Pepsi-Cola North America unit of the PepsiCo Inc. He added, however, that Pepsi intended to keep its main brands like Pepsi-Cola and Diet Pepsi at a single shop. BBDO Worldwide.

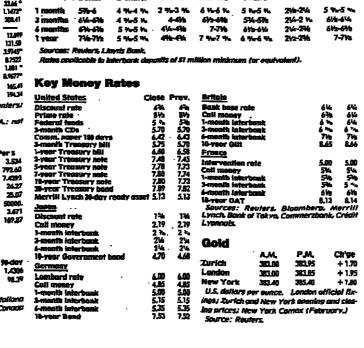
The most notable result is that sales of Coca-Cola's biggest brand — called Coca-Cola Classic in North America and Coca-Cola in 196 countries -have been stimulated by a Creative Artists campaign carrying the theme "Always Coca-Cola." The brand is now growing at rates that exceed industry levels as well as the results achieved in the past decade, which in turn has fueled gains in Coca-Cola's stock price.

For instance, in the third quarter last year, international unit volume rose 17 percent, exceeding company estimates, and rose 6 percent in the United States.

But those achievements have taken their toll. The biggest problems have come for a behemoth like Coca-Cola to acquire the skills to behave, and think, like the kind of entrepreneurial marketer that hires creatively focused agencies, including Chiat/Day, Fallon McElligott and Wieden & Kennedy.







4944 3963%

MARKET DIARY

Fed Shadow Looms Over Big Board

Compiled by Our Staff From Dispatches NEW YORK - U.S. stocks, led by auto shares, and bonds cern the Federal Reserve Board ly sensitive to swings in the will raise interest rates later this economy. month, slowing the economy

erage fell 12.78, to 3,869.43, its ance companies.

U.S. Stocks

lowest close in more than a week. The average fell as much as 34.99 points during the sescomputer-guided sales that gan's share slumped 3% to 59 trimmed 10.43 points off the Dow industrials, according to

worst showing since a 1.5 percent decline in the week ended

Decliners topped advancers by a ratio of two to one on the New York Stock Exchange on Friday while volume surged to 375.34 million shares from 297.76 million on Thursday.

Fears of Fed action also unsettled the bond market where the price of the benchmark 30year Treasury bond slumped 24/32, to 95 17/32, raising the yield to 7.89 percent from 7.82

Chrysler fell 21/2 to 471/2, Ford Motor dropped 11/4 to 261/4, and General Motors lost 4 to 394. Carmakers' profits are especial-

Financial stocks fell amid and curtailing corporate earn- concern that rising rates would squeeze profit margins for broings growth.

The Dow Jones industrial avkerage firms, banks and insur-

Morgan Stanley said fourthquarter earnings would fall "substantially" below thirdquarter results, and Bear Stearns said fiscal second-quarter earnings dropped 76 percent. Mor-

Biogen slumped 3 to 321/2 after Schering AG, a competitor The index fell 39.03 points, or 1 percent, for the week, its worst showing since with the state of the biotechnology company, won approval in Europe for a product the state of the biotechnology company, won approval in Europe for a product the state of the biotechnology company. gen's efforts to launch a new multiple sclerosis treatment.

Shares of Sybase tumbled 4% to 471/2, just one of many technology stocks to wilt even though earnings beat expectations. Apple said its quarterly income more than quadrupled but the company's stock still slid 34 to 42%.

Compaq fell 11/4 to 41%, Digital Equipment lost 1% to 34%, Data General lost 114 to 91/a, and Microsoft weakened 1% to 61%. (Bloomhere AP)

Threat to Mexico Pact Weighs on the Dollar

NEW YORK - The dollar tumbled against European currencies on Friday, pressured by

Foreign Exchange

concern that Congress would reject the President Bill Clinton's aid package for Mexico. leading to more chaos in North American markets.

The dollar finished here at 1.5116 DM, down from 1.5150 DM on Thursday, but at 99.42 yen up from 99.05 yen. The dollar fell to 5.2335 French francs from 5.2495 francs and to 1,2702 Swiss francs from 1,2752 francs. The pound strengthened to \$1.5888 from \$1.5860.

The dollar was lifted against the yen by concern that the clays Bank in New York. earthquake that struck there on Tuesday will hamper the country's economic growth.

Gingrich, the speaker of the rates.

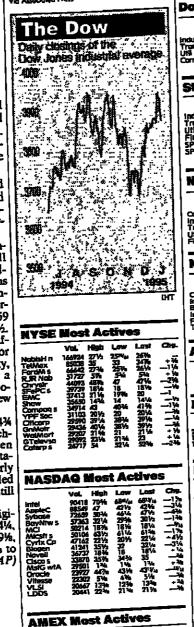
House of Representatives, said congressional support was waning for the government's proposed \$40 billion package of loan guarantees for Mexico. He

blamed Mr. Clinton for the shift. Financial turmoil in Mexico hurts the dollar because of the deep financial ties between the two countries.

"It's not good to have your neighbor under extreme economic stress," said Ken Nixon, currency advisor at Harris Trust & Savings Bank. A drop in U.S. stock and

bond prices also depressed the dollar, traders said. "There is a continuing flight out of U.S. capital markets," which is hurting the dollar, said Alex Scarsini, director of foreign exchange at trading at Bar-

Market focus is beginning to shift to the Federal Open Market Committee meeting set for But against other currencies. Jan. 31, after which the central the dollar slumped after Newt bank is expected to raise interest (Bloomberg, Reuters)



Market Sales

Today Close 375.34 15.29 313.81

Continued from Page 9

opment organization.

bureaucratic software devel-

In recent years, Microsoft

has assumed the industry role

formerly occupied by Interna-

tional Business Machines

Corp., influencing the direc-tion of the computer business

by defining standards and

controlling markets for soft-

ware. But in the late 1980s,

IBM lost contact with new

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technology trends and with

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whether Microsoft will be able

Apple produces the operat-

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like Word and the Excel Over all. Macintosh programs are a \$400 million business for Microsoft, but that constitutes less than 8 percent of the company's overall revenue. Many Macintosh users

PROGRAM: Microsoft's Word Offering Turns Off Macintosh Users say that Word 6.0 is evidence

that Microsoft is paying too little attention to their needs. "It's simple," said Steven Levy, a columnist for Macworld magazine. "Microsoft's message to Macintosh users is,

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Int:

U.S. Housing Starts Hit 6-Year High

WASHINGTON (AP) — Housing starts jumped 12.9 percent WASHINGTON (AP) — mousing starts jumped 1239 percent last year to the highest level in six years, the U.S. Commerce Department said Friday, despite rising mortgage rates.

Although the 1994 level was held back slightly by a 1 percent delication in Department suggests a percent in the nation shared in t decline in December, every region in the nation shared in the annual gain. Construction of single family homes and apartments annual gant. Oliver totaled 1.45 million last year, the most since ground was broken

on 1.49 million units in 1988. it was the latest evidence of a still-robust economy and strengthened analysts convictions that the Federal Reserve Board would continue to raise interest rates to curb economic growth and check inflationary trends.

Mobil Profits Best Since Gulf War

FAIRFAX, Virginia (Bloomberg) — Mobil Corp. Friday posterius best quarterly earnings since early 1991 as soaring profits from its. chemical division overcame low margins in its refining business.

The oil company said its fourth-quarter profit from operations

rose to \$655 million, or \$1.61 a share, from \$602 million, or \$1.47. Including charges mostly from restructuring programs and asset writedowns, net income rose to \$523 million, or \$1.28 a share. from \$349 million, or 84 cents. Zacks investment Research said 19 analysts expected a mean of \$1.36 a share before special items. Mobil's profit was the strongest since the first quarter of 1991.

When the war in the Gulf sent many oil companies profits on an

upward spiral caused by surging oil prices. Kellogg's Product Line Grows Stale

CHICAGO (AP-DJ) - Kellogg Co. announced Friday that earnings grew 3 percent in the fourth quarter, to \$153.3 million, but said it is "extremely sensitive toward further volume decline".

The company's market share by volume slumped to 34.6 perin cereal sales. cent during the fourth quarter from 36.2 percent a year earlier, and continues a multi-year slide, according to supermarket data collected by Information Resources Inc. "Kellogg's only hope in collected by Information Resources Inc." our view, is to replace some of the lost volume with exciting new products," said Nomi Ghez, an analyst at Goldman, Sachs & Co. But she noted that new products brought to market last year, including Pop Tarts Crunch and three Healthy Choice cereals, have so far had little impact.

Tandem Computers Posts Gain

CUPERTINO, California (Bloomberg) — Tandem Computers Inc. posted a 41 percent gain in first-quarter net income from a year ago. fueled by growth in its communications and finance markets. Net income rose to \$35.2 million for the quarter ended Dec. 31 Net meome rose to \$55.2 minton for the quarter ended Dec. 31 from \$24.9 million a year earlier. Year-ago results included a gain of \$23 million resulting from the sale of Applied Communications Inc. Revenue rose 12 percent, to \$534.6 million.

"We had a successful quarter in the two most significant."

markets for Tandem: communications and finance," said the Tandem president and chief executive, James G. Treybig. "Overall sales activity was strong in the quarter, reflecting broad-based success across geographies, industry markets and channels," he

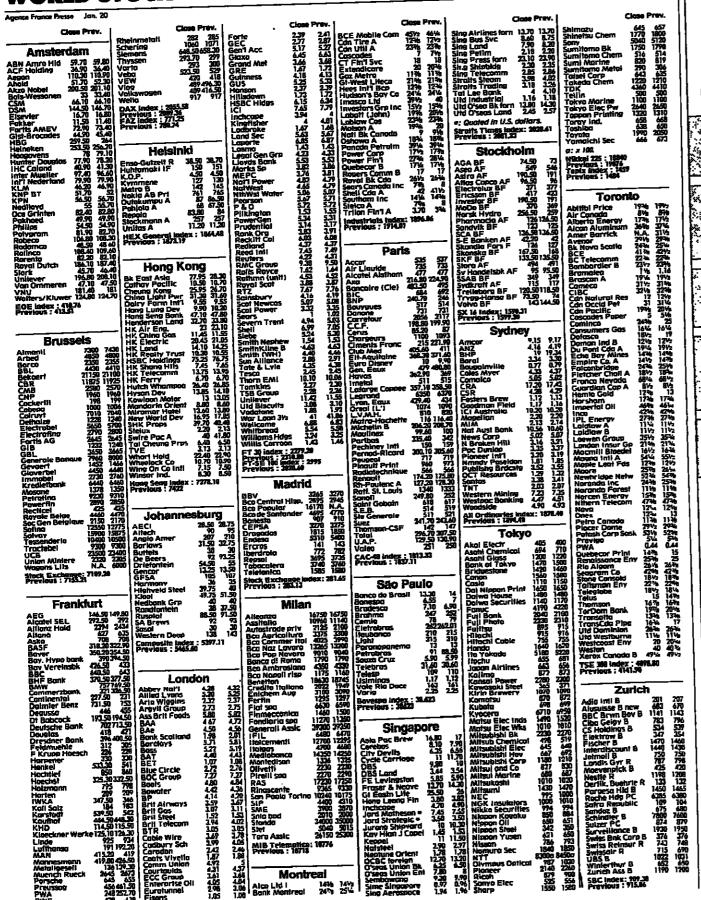
For the Record

Thomson Corp.'s newspaper unit is looking to sell 25 of its small newspapers as part of a restructuring plan. The Stamford, Connecticut-based unit of Toronto-based Thomson, said the newspa-pers to be sold are profitable and that proceeds will be used to develop its business

MCI Communications Corp. and its partner British Telecommunications Ltd. will sell high-speed data service in Mexico. Luxembourg and Portugal.

General Motors Corp. furloughed 16,400 automobile assembly workers on Friday at plants in Michigan and Wisconsin due to a shortage of parts caused by a strike at another plant in Flint, Michigan. An additional 17,800 workers were off the job at truck assembly plants in Pontiac and Janesville, Wisconsin, and at car assembly plants in Lansing and Flint, because the flow of parts from Flint had stopped.

WORLD STOCK MARKETS



THE CENTRAL SOURCE ON FUND **NVESTMENT**



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Officials say they cannot

measure the costs of the cam-

paign until the shooting stops, although they admit Russia

must find up to 5 trillion rubles

(\$1 billion) to rebuild Chech-

nya's war-torn economy and in-

to adopt a weak 1995 budget

and take Chechen expenses into

account," a dealer with a major

bank said. "This will bring the

The currency's slide on Friday

was undaunted by the central

bank's intervention to support

the ruble, which has fallen more

The dollar rose 31 ruble on

Friday, surpassing its previous record high of 3,926 rubles, set Oct. 11. The Deutsche mark,

meanwhile, rose 91 rubles, to

No figures were made avail-

than 10 percent this month.

ruble down seriously."

"In the end, Russia will have

MOSCOW — The ruble fell to a record low of 3,947 to the dollar on the Moscow Interbank Currency Exchange on Friday, pushed down by sentiment that Russia's budget deficit that would exceed criteria

Hithe

for obtaining Western aid. On Friday, the Parliament sed changes to Russia's 1995 budget, but stopped short of approving the spending plans, leaving a top-level delegation from the International Monetary Fund waiting for news of Russia's economic future.

The Fund sent a delegation to Moscow to discuss the possibility of granting Russia a \$6.25 billion stand-by loan. But the loan, already budgeted by Russia as a way to close the gap between income and spending, depends on the country passing a tough budget that includes clear ways of reining in inflation.

"That money depends on the able on the intervention Friday. budget, and the budget doesn't look very healthy right now," said Komei Bizhdov, an economic analyst at Moscow State

Fears about rising inflation were heightened by Russia's

Argentaria Sets

Telefónica Deal

AFP-Extel News

A spokesman for the bank said negotiations have

been going on for the past year, and Francisco Luzón,

president of Argentaria, has

already informed the gov-

A decision on the size of

the stake to be purchased is

expected in the next two

months. According to the

bank, the purchase is aimed

at strengthening the strate-

gic alliance with the tele-

communications business.

1 ID(

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ernment of his intention.

de España SA.

tively buying rubles this month. Still, he said, the government had plenty of money to support its currency. Bloomberg, Knight-Ridder)

Tire Rivals Will

Work Together

but a senior central bank offi-

cial said the bank had been ac-

MADRID -- Argentaria, HANOVER, Germany Corporación Bancaria de German tire maker Continental España SA said Friday it AG Friday announced an agreewas planning to buy a sig-nificant stake in Telefónica ment with Pirelli SpA, its Italian rival, to research new truck tires.

> Dieter von Herz a Continental spokesman refused to say how much the two companies would invest in the project. "It's just to conduct some basic research," he said, adding that both companies expected to save money by sharing research costs.

According to Mr. von Herz, the plan represents the first agreement of its kind between Continental and Pirelli but is not expected to lead to furtherjoint manufacturing ventures. that the division, which in- that could mean selling the divi-

Paying for France's Land Slump After Years of Creative Accounting, Losses Surface

PARIS — France's economic recovery may be well under way, but the fallout from a four-year slump in the commercial real estate market is hampering the back to health.

Although many in the real estate industry say the market has bottomed, the extent of losses suffered because of the

downturn is only now coming to light. The big institutions have been keeping a lid on their property losses," Rob-ert Waterland, president of the consul-tancy Jones Lang Wootton France, said Friday. "But sooner or later, if you've got debt, it comes home to roost."

Générale des Eaux revealed on Wednesday that disastrous property ventures might bring its Compagnie Immobilière Phênix unit a 1994 loss of more than 1.65 billion francs (\$311 million) equal to more than half the profit Generale des Eaux posted in 1993.

On the same day, the state-controlled insurer Groupe des Assurances Nationales stunned the bourse by announcing it was braced for a 1994 loss of 2.5 billion to 3.0 billion francs.

Again, the culprit was derailed proper-

ty investment, this time by GAN's banking unit Union Industrielle de Credit. Commercial real estate in Paris has been the worst hit.

Its downturn can be traced to the loosening of planning regulations in the mid-1980s, which brought huge development projects just as the economy was slowing in the early 1990s. The result was

a huge jump in vacancy rates.

Real estate analysts estimated that capital values have been halved and prime rents have dropped by up to 40 percent since a speculative bubble burst in mid-1990. Banks jostling for business had lent heavily to property traders and developers during the heady days of the bull market.

The Association Française des Banques said its member banks provisioned 30 billion francs for property exposure in 1992 and a further 20 billion francs the

The banking association is making no predictions, but analysts said they expected the final bill to easily top 100 billion francs. The banking industry's total annual profit is between 20 billion and 30 billion francs a year.

State-owned Credit Lyonnais has been hit hardest. As part of a rescue package

mounted by the government last spring, 43 billion francs of the bank's real estate assets were spun off to a new company known as OÌG.

The state pledged to guarantee up to 18.4 billion francs of OIG's losses but it is expected to raise that ceiling in a new rescue package now being negonated.

The real estate lender Comptoir des Entrepreneurs, in part owned by the soon-to-be privatized insurer Assurances Générales de France, won a similar gov-

ernment guarantee last month to cover losses up to 4.5 billion francs.

Real estate analysts said the signs of the crisis were evident for a long time. but losses were delayed by accounting aimed at smoothing the gap between book and market values of assets over a number of years.

French Inflation Hits 38-Year Low France ended 1994 with an annual inflation rate of 1.6 percent, its lowest since 1956, after a 0.1 percent drop in consumer prices in December, the Asso-

ciated Press reported.

The National Statistics Institute noted that the inflation rate had slowed sharply over the past year. In December 1993, it

Paris Near Pact on 2d Subsidy for Crédit Lyonnais

PARIS - The French government and Credit Lyonnais appear to have made progress in negotiations over how much the state will have to inject in a second rescue package for the bank.

A consensus is expected to emerge "in the coming days" on the huge provisions that Europe's largest bank will have to make in its 1994 results to cover a string of disastrous loans and acquisitions, a source said Friday. Estimates of the amount vary widely

But the source said it would be nearer to the 20 billion to 25 billion francs (\$3.8 billion to \$4.7 billion) urged by the banking watchdog, the Commission Bancaire, the government-controlled bank's ac-

The daily Liberation put the amount needed to keep the bank's capital at the minimum 8 percent of assets demanded by regulators at 35 billion to 40 billion

The bank and the Treasury have been deadlocked for months over the size of the full-year provisions and the consequent size of the government's handout. The progress came at a meeting on Thursday of the bank's board, which includes government representatives. A Credit Lyonnais spokesman would not

than the 50 billion francs or so sought by efforts to resolve the issue were well advanced

The bank racked up a first-half 1994 loss of 4.5 billion francs, on top of a 6.9 billion-franc loss in 1993. The government has said the 1994 loss, to be announced in March, would not exceed that of 1993.

Last week, the Economy Ministry dismissed as "speculation" a newspaper report that the government's second rescue package for the bank might total 25 billion to 31 billion francs.

Whatever the amount, the package will come on top of the state-backed rescue package, extended last spring, of up to 23.3 billion francs.

Investor's Europe Paris London **CAC 40** FTSE 100 Index ¹⁹⁰⁰ A S O N Friday Exchange -0.67 413.51 410.76 AEX 0.64 7,155.21 7,109.20 Brussels -1.62 2.089.36 2.055.58 Frenkluri 780.74 -1.22 771.25 Frankturt 1,873.19 -0.461,864.48 Heisinki HEX -1.37 Financial Times 30 2,279.20 2,310.80 London 2,995.60 -1.11 3.028.60 **FTSE 100** London -0.52 281.65 Madrid +0.54 10718 MIBTEL -1.29 1,813.33 1.837.11 Paris **CAC 40** 1,599.30 -0.56 SX 16 Steckholm -2.21 1,007,55 985,24 Vienna -0.71 915.86 Zurich

Very briefly:

 American Maize Products Co. said that Eridania Beghin-Say SA. the Paris-based agricultural products concern, has sweetened its takeover offer for the corn-syrup maker to \$37 a share from \$32.

• Telecom Italia SpA, the Italian telephone-service provider, said it expects a 9 percent increase in sales in 1994 to 29 trillion lire

 Procedo GmbH's court-appointed trustee and its creditor banks said they expect to reach a settlement of the German financing group's debt with its main shareholder. Allgemeine Kreditversi-

cherung AG, at a meeting next week. Wegener NV, the Dutch newspaper concern, said it bought two
publishers of regional newspapers in the Netherlands. Uitgeverij
Woerdense Courant BV and Uitgeverij Weekkrant de Brug BV,
from their holding company CPM Holding BV.

· Akzo Nobel NV, the Dutch chemicals and pharmaceuticals

company, signed a joint venture with Akrikhin, a Russian pharmaceuticals concern, to manufacture contraceptives in Russia. Belgium said it has narrowed the field of candidates for a

partnership with Belgacom, the state telecom concern, to eight, including AT&T Corp. and British Telecommunications PLC.

Hoechst Considers Spin-Off in Cosmetic Facelift

comment, but a government source said

Compiled by Our Staff From Dispatches FRANKFURT - Hoechst AG, the German chemicals company, has begun discussions with a financial adviser on the future of its cosmetics division, said Heiner Harder, a

But he refused to comment reaching research endeavors or on German television reports

be sold. The subsidiaries accounted for 1.3 billion Deut-sche marks (\$848.2 million) of the company's total sales in 1993 of 46 billion DM.

"What Hoechst is seeking is improvement, and we are think-Hoechst spokesman, on Friday. ing over all the possibilities."
Mr. Harder said. "It's possible

cludes three subsidiaries, would sion, but it's possible it could Deutsche marks to 325.30 DM mean a lot of things." He would not identify the se-

curities firm that was advising Hoechst. Television reports named Morgen Grenfell Group PLC, a unit of Deutsche Bank

The division consists of Hans Schwarzkopf GmbH, in which Hoechst holds a 77 percent stake, as well as Marbert GmbH and Jade Cosmetic GmbH, both held by Cassella AG, a company in which

Hoechst holds 75 percent Hoechst shares fell 7.20

on Friday. Jade, which makes cosmetics.

personal-care products and perfumes, had sales of around 200 million Deutsche marks in 1994 and Marbert, a maker of cosmetics, had estimated sales of 120 million DM. Schwarzkopf, a shampoo maker, had revenue of 1.14 billion DM in 1993.

Hoechst spun off its fibers operations last year and is completing a wide-ranging reorganization to streamline the com-

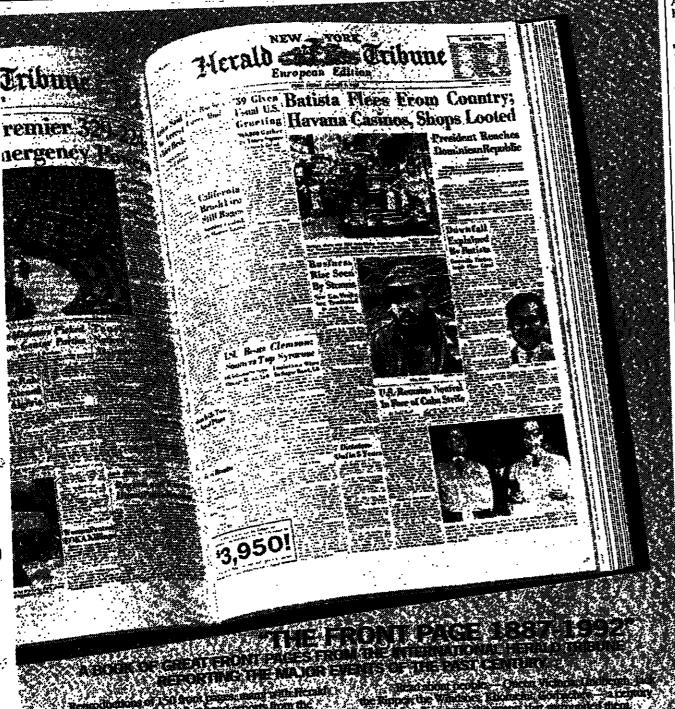
(Bloomberg, Reuters)

Federal Express Grows

LONDON - Federal Express Corp. plans to increase the cargo capacity it offers between Europe and the United States from July to cope with increasing demand, its senior vice president for Europe and Africa, David Bronczek, said Friday. "We intend to introduce two larger capacity MD-11 freighters to replace DC-10Fs on these services. One will be based at London Stansted and the other at Paris-Charles de

Gaulle," he said in an interview from Brussels. Mr. Bronczek said that the MD-11 can carry 150,000 pounds (67,900 kilograms) to 155,000 pounds of cargo, compared with 125,000 pounds for the DC-10Fs.

Federal Express largely withdrew from the intra-European market in March 1992, saying the service was too expensive to maintain. It retained its services between the United States and Europe.

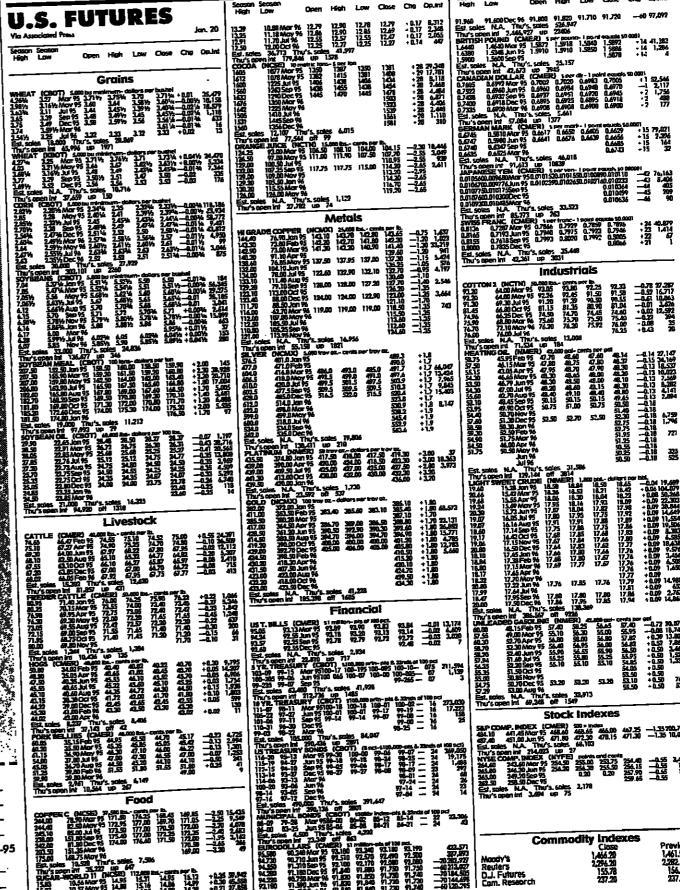


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ASIA/PACIFIC

Malaysia Lifts Lid on Foreign Bank Deposits to foreigners and a negative on foreign-har

KUALA LUMPUR — Bank Negara, the central bank, on Friday removed the ceiling on deposits that offshore investors could place in Malaysia commercial banks.

Bank Negara has progressively lifted a series of capital restrictions it imposed in January 1994 to slow the inflow of foreign funds, including a ban on the sale of long-term paper

Malaysia Picked For Dell's First Factory in Asia

KUALA LUMPUR - Dell Computer Corp. said Friday it would establish a factory in Malaysia's Penang State, its first such facility in Asia.

Dell is to buy a 3.6-hectare (9acre) site in Penang, home to a growing number of multinational electronic corporations, to cater to its expanding Asia-Pacific business, said Scott Flair, senior vice president of Dell's worldwide operations.

"Over the next five years, the new facility is expected to employ more than 400 people in the manufacture of desktop, portable and network server personal computers for sale throughout Asia and Austra-

lia," Mr. Flaig said. Construction of the facility is expected to begin this year and due for completion within a year. But Mr. Flaig refused to disclose the company's investments in Malaysia.

to foreigners and a negative in-terest rate on foreign-held ring-

Analysts said the move on Friday showed that Negara no longer feels the ringgit is vulnerable to speculation, unlike the case a year ago, when offshore funds poured into Malaysia following a temporary deprecia-

tion of the Malaysian currency. They are getting rid of the restrictions as things stabilize," said Ghazali Atan, chief economist at SJ Securities.

Friday's announcement gave the ringgit a boost, although its gains were pared by profit-tak-ing. At the close, the dollar had fallen to 2.5531 ringgit from 2.5536 on Thursday, after having traded as low as 2,5468 during the day. Many dealers said they expected the ringgit to head higher next week as the lifting of the control will make it easier for corporations to conduct busi-ness in booming Malaysia.

■ Investment Rises in 1994

Proposed foreign investment Malaysia soared in 1994, boosting investment capital over the past five years to \$37.6 bilsaid International Trade public as part of a restructuring and Industry Minister Rafidah Aziz on Friday, Reuters report-

ed from Kuala Lumpur. The minister said that approved foreign investment rose officials from the finance and 78.5 percent, to 11.22 billion ringgit (\$4.4 billion), in 1994, from 6.29 billion ringgit in 1993.

Total domestic and foreign investment between 1991 and 1994 reached 95.97 billion ringgit, ringgit above Malaysia's lic. When and how will depend on the Finance Ministry." ringgit, she said.

Singapore Property Pinch Falling Prices Recall Hong Kong Slump

Garuda Ready to Go Public

planned to lease six Airbus A-

330 planes to improve opera-

tions, adding that the planes

would be delivered in 1996.

Garuda currently has a fleet of

around 45 aircraft, including

Boeing 747-400s, MD-11s and

Mr. Supandi also said that to

keep costs low, the airline

would employ no new workers

this year. He said Garuda

hoped to merge departments

Haryanto Danutirto said Gar-

profit from 10 percent to 15

jumped to 350.6 billion rupiah

Transportation Minister

was aiming to increase

and to cradicate flight delays.

SINGAPORE — Falling land prices in recent weeks have triggered worries that the Singapore residential real estate market is heading for a slump, although some analysts said the recent drop in prices was only a

temporary correction.

Property-related stocks have fallen 17 percent in the past month after recent government land auctions indicated the residential market could be cooling off after several years of appreciation. Rising interest rates also make financing for property-related issues more expensive.

Investors were shaken by falling real estate prices in Hong Kong, which is often compared

with Singapore in terms of operating costs. "Hong Kong was very much overpriced and in a way not very different from our market, so people tend to draw parallels be-tween the two," said Chan Tuck Sing, a director of OUB Securities Pte.

The general weakness of the Singapore stock market, which fell 1.06 percent on Thursday and 2.5 percent on Friday, was also undermining the property market, dealers said.

But analysts said any panic was unwarrant-

JAKARTA - Garuda Indo-

nesian Airways, Indonesia's na-

tional air carrier, plans to go

effort meant to increase profit

by up to 15 percent this year,

company executives said Friday.

transportation ministries and

Garuda itself currently discuss-

ing capital restructuring," said

Supandi, the company's new president director. "We are

making preparations to go pub-

Mr. Supandi said the airline

There is a team comprising

ed because the property market's base, under-pinned by government housing, was steady. Some dealers viewed the drop as a temporary [all. "This is just a correction," said Jerry Tan, assistant director of residential property at Colliers Jardine, Goh & Tan Pte. "The

property market is healthy all round and we see a very stable and good year for the genu-After almost a decade of rising real estate prices, the market was due for a correction,

said Mr. Tan. Leong Chi Meng, a property-sector analyst at Vickers Ballas Investment Research Ltd... noted that most large property companies would continue to book profits from previous development sales over the next two years or so, meaning their profits would not be imme-

diately threatened by the slump in prices. But Graham Ambrose, a dealer with Daiwa Securities Co., said he had no doubt that land prices were going down.

"I can't see property stocks outperforming the index for the next quarter," said Mr. Ambrose, even though he believed that the shares were looking "very, very cheap."
(AFP, Bloomberg)

(\$158 million) in 1994 from 7.7

president. He said Mr. Mu-

Mr. Danutirto has urged

Brokers said Garuda needed

to improve its management be-fore going public. "To improve

its management, Garuda needs

time," one broker said. "It is

his ministry, including Garuda,

billion rupiah in 1993.

lyono was retiring.

to increase efficiency.

go public in 1995."

percent. Garuda's profit unlikely that the company can

For HSBC, A U.S. Link With Wells

Compiled by Our Staff From Dispatches
HONG KONG — HSBC
Holdings PLC announced
changes Friday to its North American operations, built in part around a new joint venture with San Francisco-based Wells Fargo & Co.

Six retail Hongkong & Shanghai Banking Corp. branches in New York City are to be transferred to Marine Midland Bank, an HSBC Holdings subsidiary, although they will continue to operate under the Hongkong Bank name.

Two other Hongkong Bank branches, in Los Angeles and San Francisco, will be closed and their business transfered to the new joint-venture bank, Wells Fargo HSBC Trade Bank. Two other branches, located

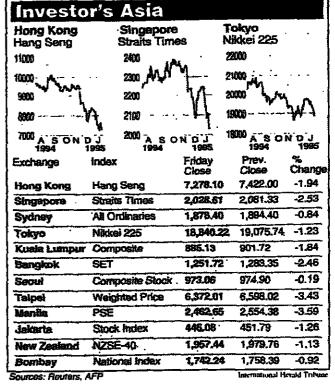
in Panama, will become the re-

sponsibility of HSBC Holdings European flagship, Midland Bank PLC, which represents the company in Latin America. The changes are aimed at

"streamlining operations and reducing overheads," HSBC Holdings said.

proval, is expected to begin op- placement at 391 yen a share (\$39). Mr. Danutirto said there was "nothing special" about Mr. Supandi's recent replacement erations in the second quarter of this year, with an initial capitalization of \$50 million. Forty of Wage Mulyono as Garuda's percent of the capital is to come from HSBC Holdings with 60 percent coming from Wells Farstate-owned companies under presidents. David Zuercher, as chief executive officer.

"Its a positive development," said Tim Clarke, a banking analyst with Panmure Gordon &



Very briefly:

 Japan's five largest automakers predicted their combined domestic motor vehicle sales this year would rise 10 percent from 1994. to 5.3 million units.

The venture with Wells Far- • Union Optical Co. said three Samsung Co. subsidiaries would go, subject to regulatory ap- take a 50.4 percent stake in its capital through a private share

• Thai Farmers Bank PLCs net profit last year rose 31 percent, to 10.4 billion baht (\$415 million), helped by income from commissions after becoming the first commercial bank in Thailand to be granted a license to underwrite debt.

percent coming from Wells Fargo. The San Francisco bank will also supply one of its senior vice

• Malaysia's foreign debt and that of two national utilities, Tenaga Nasional Bhd. and Telekom Malaysia Bhd., were placed under review for possible upgrade by Moody's Investors Service Inc.

 Moody's also said it downgraded its short-term credit ratings for Pioneer Electronics BV and Pioneer Electronics Capital Inc., which are subsidiaries of Pioneer Electronic Corp., because of a weak earnings outlook and reduced cash flow.

Co. "With a network as extensive as HSBC's, it makes sense seas Chinese Bank to set up a unit in the Philippines because of the to squirt more business through bank's disclosure that it lost \$20 million over two years through (AFP, Bloomberg) derivatives transactions.

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IMPACT: Japanese Quake Disrupts Supply Chain Throughout Region

plant in Burma because a Japanese machinery maker was unlikely to ship facilities for the plant in time.

For Japanese carmakers, among the worst affected, late deliveries of a single part can put a whole factory out of action beto arrive just as it is needed, not before.

Toyota Motor Corp., Japan's largest

part was brake calipers made by Sumitomo Electric Industries Ltd., whose plant in Itami, Hyogo Prefecture, has been closed

by earthquake damage.
Other industries also have been hit. Sumitomo Sitix Corp., Japan's top maker of semiconductor silicon, said Friday it was unable to resume production at a plant in cause many companies schedule inventory the quake-affected area until water supplies are restored.

Toyota Motor Corp., Japan's largest
The company, the top supplier of silicon to Intel Corp., has silicon stocks for more ways to keep its plants running from Monday after having to call a temporary halt to another plant if the closure is prolonged.

roduction.

Toyota executives said a key missing

a spokesman said.

The liquid crystal display maker Hoshi-

den Corp., Japan's leading maker of thinfilm transistors, which it supplies to Apple Computer Inc., has also had to close a plant in the area.

(Reuters, AP)

Quake Could Alter Growth Forecast The Japanese cabinet on Friday ques-

tioned its growth forecasts for the coming year in view of the earthquake, Agence France-Presse reported from Tokyo. "Next year's figures should be considered with some margin," said Masahiko Komura, the director-general of the Economic Planning Agency.

SHOCK: Would Asian Models Aid Eastern Europe's Shift to Capitalism? ry today, they absorb more than discipline of export markets to erant army of the unemployed.

sume that families would take

pean enterprises must tithe and tithe, For example, Mr. Sachs noted, social transfers in Japan Cold War, Eastern Europe is a in the early 1950s accounted for supplicant facing a protectionless than 4 percent of national income. In Poland and Hunga-

Then there is the matter of

care of their own, Eastern Euro-where anti-Communist Asia could count on a wide-open American market during the ist European Union

Where Asia could lean on the

keep government bureaucrats more or less reasonable, Eastern Europe must live down memories of corrupt, inept

As for gradualism, Mr. Sachs points out that China dropped the commune system overnight: Millions of peasants displaced from the land now form an itin-

While China has never disciplined its state-owned industrial sector by opening markets or eliminating subsidies, it has built a modern economy around the relatively small decaying core - something Eastem Europe cannot afford to do because the decaying core is not

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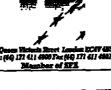
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If Situation Is Too Special?

HE idea of investing in a "special situation" is pleasing. It represents a break with the supine attitudes of some modern investment managers who like to pretend that the market is, if not perfect, highly efficient and therefore almost impossible to beat,

The investor who looks to find a special situation is implicitly rejecting such notions. This investor is seeking to exploit the value that arises from inaccurate market valuations - inefficiencies in the market's pricing mechanism, if you prefer jar-

So there is a clear theoretical answer to the question of whether attempting to find special situations is a good thing. If the market is perfect, or at least so efficient as to correct any pricing errors very quickly. there is little or no point in searching for a special situation. But if the market is less than perfect there must be opportunities for the clever investor.

So much for theoretical clarity. What happens in practice is a little more confusing. How many special situation-lovers, for example, were invested in the British bank S.G. Warburg when news of the proposed acquisition by its larger U.S. competitor, Morgan Stanley, came through? Warburg shares rose more than 20 percent around that time, but have fallen back since to their earlier levels. No

investor has yet claimed this triumph. But perhaps that isn't surprising. The Warburg share price had already begun to climb sharply before the talks announcement was made. Which makes one wonder, at the very least, whether investors on the outside can make money from such very special situations.

Closed-End Funds Open Opportunities on Several Levels

By Digby Larner

THEN times are hard in the world's stock markets, investors may find themselves attracted to "special situations." As their name implies, special situations are supposed to offer particular, niche-type attractions that may do well even when the general trend is downward.

Typical examples of special situation plays include takeover prospects, companies with brilliant, new products waiting to be introduced (such as new wonder drugs, etc.), and companies that are about to sell undervalued assets and so boost their perceived net worth and, consequently, their share price.

A classic way of making a play in this area for small investors is to buy a fund that specializes in special situation investing. But by investing in a fund, investors may in fact be making a special situation play more directly than they realize. For it may happen that a certain legal category of fund, known as a closed-end fund, could itself be taken over.

To understand the phenomenon of fund takeovers, the first questions to be answered are what exactly a closed-end fund is, and how it differs from the more common category of mutual fund, the openend fund

A closed-end fund is a quoted company whose shares are traded on a stock exchange. Unlike open-end funds, which grow as the number of investors they have increases and shrink if the number decreases, closed-end funds issue only a set number of shares.

As with publicly listed corporations, these shares are traded in the secondary market and their value rises and falls depending on how much demand there is for

If there are a more buyers than sellers the value rises; if there are more sellers

than buyers the value fails. Although closed-end funds have only a relatively small share of the mutual fund

Special Situation

 European and Asian opportunities A British speciality

●The U.S. game via mutual funds

market they are the oldest type of pooled investment in many countries.

David Curl, a fund manager with the Regent Pacific Group in Hong Kong, explains that this is usually because they are best-suited to developing investment markets where liquidity can sometimes be a problem:

"In emerging markets like Asia and Latin America or anywhere liquidity may be low, open-end funds could have problems if they suffer a run of redemptions. The fund might have trouble liquidating

assets in order to pay off investors." A closed-end fund would never suffer the same fate because its shares are traded

independently of the underlying assets. Every now and then, despite their relatively small number, closed-end funds enjoy a sudden burst of popularity.

Ironically this is most likely to happen after a period of falling demand when the total share value of some funds may have dropped so much that it is significantly lower than the value of their underlying

Under these conditions the share is said

to be trading at a discount.

Understandably, the most sought-after funds are those offering the biggest discounts. Investors buying up discounted shares hope their value will soon move closer to that of the fund's assets, therefore bringing them a quick profit. According to Mr. Curl, the last time the

market saw high discounts was during the 1980s when, for a time, the number of closed-end funds began to grow. "At that time there was a proliferation of closed-end funds and a lot of big invest-

ment banks shoved their clients into them

without making it clear that the value of

the investment was not necessarily the

same as the value of the underlying as-

As the truth dawned and investors took their money elsewhere discounts began to widen. This in turn attracted investors into the funds who were prepared to wait for the discount to narrow once more in order to take a profit.

That was an unusual situation so I doubt we will see those levels of discount back into the market in future." But apart from attracting private inves-

tors a period where discounts are above 20 percent inevitably also draws attention from corporate predators, as Patrick Gifford, chairman of Fleming Investment Trust Management Ltd. in London ex-

plains:
"Investment trusts" — as closed-end funds in the United Kingdom are known - "that show a discount to their net asset value make attractive acquisitions for various reasons. Whoever takes them over could simply close the fund down and sell off the assets to realize an immediate profit, or use it as a cheap way of getting exposure to a solid portfolio of stocks, as many pension funds have done."

In some cases the shareholders in the fund may force the managers to make it open-ended so that the discount can be realized. This is most likely to happen in funds where a discount has existed for some time and in a sector where the funds assets are not so easily liquidated.

Once the fund has become open-ended the investors can cash in their stake at the full asset value rather than the previously discounted share value.

Changing Hands

Trust Name Price (£ millions)

BG Technology

Drayton Asia

CST-Emerging

Globe

Roddy Crawford, a strategist with BZW Investment Trusts in London, adds that occasionally corporations will take over a closed-end fund simply as a cheap way of going public in much the same way as some businesses buy shell companies: That happened in the United Kingdom with the Worth Investment Trust which was taken over by the cable company, Caledonian Media Communications, in

order to get a public listing."

Discounted closed-end funds are also sometimes used by corporations as a way of raising cash without resorting to a rights issue.

Typically, the predator corporation arranges a share exchange with a closed-end fund that has a significant discount, swapping its own shares for shares in the fund. After winning control of the fund the predator liquidates it and uses the cash raised from the discount to recapitalize its

In the United Kingdom, pension funds have been the most aggressive predators of closed-end funds. Among these the most noteworthy is the British coal miners' pension fund, the Coal Board Investment Nominees. In 1990, the miners' fund pulled off the

biggest ever British acquisition of a

Feb. 93 Jun. 190 £1,028 closed-end fund when it took over - and closed down - the Globe Investment

Trust, then worth £1.028 billion (\$1.61

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billion). In most cases investors holding shares in closed-end funds that become acquisition targets are not usually placed at a disadvantage. The only danger is where those holding an investment for a long period are forced to take a cash settlement that leaves them liable to capital-gains tax. This very nearly happened with a number of shareholders in the Globe Investment Trust, Finally, following talks between the fund managers and the U.K tax office. investors were allowed to directly reinvest cash they received from the miners' fund

without suffering a tax liability.
Since the beginning of the 1990s takeover activity in the United Kingdom has
slowed thanks to discounts having narrowed. However, there has been a steady flow of acquisitions on a much smaller

The most recent takeover was of Sphere Investment Trust by Dartmore Investment Trusts in the United Kingdom in November last year.

Chris Whittingslow, a director with the British-based Exeter Fund Managers Ltd., which led the takeover, said: "The residual income and capital share element of the Sphere fund was due to be wound up in October 1995. Now it will continue at least through to the year 2000."

The Moral of Saatchi's Tale

By Rupert Bruce

ITY the poor investors in the Oakmark International Fund. Since David Herro, the 34-yearold money manager from Chicago who oversees the \$1.2 billion mutual fund for Harris Associates, scored a victory on its behalf just before Christmas and ceeded in deposing Maurice Saatchi, chairman of the global advertising agency Saatchi & Saatchi, their fund has lost almost 5 percent of its value.

These have been turbulent times for world markets, but Oakmark owns 9.8 percent of Saatchi and the near-30 percent slide in its shares cannot have helped. They have retreated because since Mr. Saatchi walked out of the door for the last time following the fateful Dec. 16 board meeting, he has been followed by a number of key staff, and some big accounts.

What Mr. Herro was trying to do was something that more and more money managers, particularly in the United States, are attempting. Rather than selling a company's shares if they do not like the way it is being run, they are using their voting power to influence management decisions. In Saatchi & Saatchi's case, Mr. Herro and some fellow American shareholders decided, after a long-running dispute over pay and behavior, that it would be better for the company if Mr. Saatchi were no longer chairman of the board. The share price will tell whether they are right in the longer term.

Active intervention by shareholders in the day-to-day management of a company goes by the name of corporate governance in the United States. Guy Wyser-Pratte, a veteran of New York risk arbitrage, manager of three hedge funds, and an active enforcer of shareholders' rights, says shareholder intervention has become more common partly thanks to the actions of the US Department of Labor and the Securities and Exchange Commission.

The SEC made it much more practical for shareholders to take action in late 1992 when it changed its rules and made it easier for them to ally against corporate

The result has been a large increase in the number of shareholder actions in the United States. But the loag arm of corporate governance is beginning to be seen in Europe as well. Quite apart from the Saatchi affair, there have been a number of actions in Germany, France and Britain. And, there are a handful of young money managers, usually trained in American business schools, who have set up in Eu-

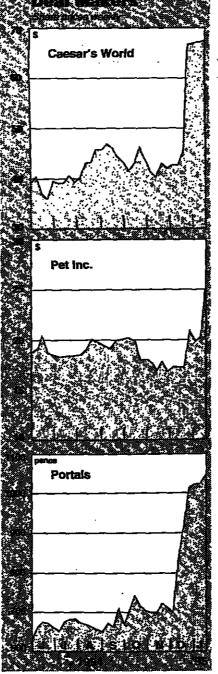
Mr. Wyser-Pratte is one of the betterknown champions of corporate governance in the United States, and is said to be one of the more aggressive. "If we are involved in a takeover situation and the management of the target company misbehaves then we go after them," he said. "We organize the shareholders, we put a director on the board, and if need be we get an extraordinary shareholders' meeting to force our measures on the manage-

Florian Homm, a principal of Value Management & Research, was one of the first to take the banner of shareholder rights to the Continent. He and his partner, Kevin Devine, run \$160 million of hedge fund money out of Koningstein in Germany; they name enforcing shareholder rights as one of their investment strategies. Since buying about 4 percent of Galactina Holding, a Swiss veterinary medicine and baby food company, in mid-1994, they have since persuaded the company to increase its dividend by 50 percent, and raise its profile in the Swiss investment community. Mr. Homm said the company now has a market capitalization of 190 million Swiss francs (\$147 million), 60 percent more than when he bought the stock.

So what is happening at Oakmark? Some interventionist money managers believe that Mr. Herro has handled matters badly so far because he has tried to transfer an American way of doing business to Britain. He went in all guns blazing, they say, without regard to the British tradition of doing these things very quietly behind

"I think that if one is going to take steps that are out of the ordinary one has to make sure that one is dong them with suitable care and attention for the local way of doing business," said Julian Traeger, director of London-based Active Value Advisors and an adviser to Britain's Active Value Fund. "There is a long tradition of people doing these things and losing money," he said.

> The Money Report is edited by Martin Baker



Create Your Own Acquisition Boom Only last week the U.S. Securities and

By Iain Jenkins

ANY investors made windfall profits during the acquisition boom of the 1980s. ing to guess which companies would become the next takeover targets. Others had a much better method; they cheated and only invested with "insider informa-

In today's world the regulators are tougher and "insider information" is more difficult to come by. However, after a number of lean years and a recession in many countries, the deals are back. They present huge potential profits for those investors who can work out a way to play the acquisition game.

As markets in the developed world remain spooked by the prospects of further U.S. interest rate rises and as the ripple effects from the Mexican peso devaluation continue, one of the few places offering a realistic chance of making money is such "special situations" as acquisitions. Typically, shares in a target company jump 30 percent on a bid. In recent weeks, shares in Pet Foods,

the American firm that owns the Old El Paso Mexican food brand, had been trading at \$20 until Grand Metropolitan, the British foods group, made a \$26 a share

Even more spectacular was ITT's \$67 a share offer for U.S. casino group Caesar's World in December. Until then, the shares were trading at \$46.

Peter Schoenfeld, senior vice chairman of the New York investment bank Wertheim Schroder, said: "All the signs are that the activity will remain high. The business cycle is improving and costs of debt and equity remain cheap for acquirers. At the same time legislative and regulatory changes have created reasons for merg-

Last year was a record for merger activity, with total deals reaching \$339.4 billion, beating 1988's record volume of \$335.8 billion, according to Securities Data Co., the American merger-data supplier.

But how can the investor take advan-tage of these opportunities? Or is the takeover game restricted to "cheats" armed with inside information? Exchange Commission fined a businessman \$458,000 for allegedly using "insider information" to profit from the news, announced last November, that Hilton Hotels was planning to break itself up or sell

One of the most obvious ways to benefit from the surge in takeover activity is to invest in the only American mutual fund specializing in merger arbitrage. The Merger Fund, run by Westchester Capital Management, in New York, buys the stock of the target company as soon as a deal is announced and "shorts" - or sells borrowed stock in hopes of buying it back later at a lower price - the stock of the

acquirer.

The fund hopes to take advantage of further counter bids or increases in the target company stock price. It also insulates itself from falls in the stock market. The result, surprising for such a volatile game, is one of the lowest-risk mutual funds in the United States, as it has a low sensitivity to market moves.

Roy Behren, analyst for the Merger Fund, said: "Over the last two years there have been a greater number of deals to chose from. The quality of the deals is very high. Most are strategic, not financially driven. This means they tend to happen, which is good for us. We are optimistic about the next few years."

The fund has had a creditable performance, with Lipper Analytical figures showing that it has given investors a return of 56 percent over the past four years. And on a year-to-date basis it produced a 7.20 percent return. Over the same period most mutual funds lost money for their

But if these levels of return fail to excite, there are other approaches - but all carry heavy warnings.

Chris Jeffrey, who runs the "special situations" fund for London-based Hill

Samuel Asset Management, said: "You can try to pick bid targets, but companies that are targets are often the poor performers. It is a dangerous game to buy a bombed out company in the knowledge that the only way you will get any upside is if a bid materializes."

The strategy he adopts is to find a company that is well run, but which may also have some additional strategic value to a competitor. If a bidder doesn't emerge it isn't the end of the world. If one does it is a bonus.

He cites the recent example of the bid by British banknote printer De La Rue for its rival Portals. Both were well run comalways seemed logical. Portals shares have climbed from 750 pence (\$11.70) when the bid first became probable to a final price of 1,066 pence.

Another approach is to identify a sector where deals are likely to take place. This has been a particularly promising approach in the current acquisitions boom. In the '80s, deals were fairly randomly scattered across the market. Today, much of the activity is concentrated in certain sectors. All it takes is one deal in a sector to ignite acquisitions activity.

Jack Levy, co-head of mergers and acquisitions at Merrill Lynch in New York, said: "We are seeing dramatic changes in whole industries. One company puts together a transaction and this causes other players to jump. In health care in particular, there has been a 'deal ripple effect.' A lot more is still to come in health care, telecoms, financial service and technol-

An example of the "ripple effect" is the Pet Foods acquisition. In December, Campbell, the soup company, paid \$1 billion for Pace, one of Pet's key competitors in the Mexican food market. Pet's management feared that they would not have the muscle to compete with Camp-bell and started looking for a solution. They found it in the offer from Grand

Another classic way for investors to play the takeover game is to buy into a takeover stock on news of an acquisition approach. Here, the secret is to buy when the target company rejects the bid which could force a higher price or where there is a chance of a counter bidder emerging. Whatever approach the investor

chooses, it is likely to be a risky game. But Nick Knight, at the Japanese secu-rities house, Nomura Capital Markets. said: "Companies are flush with cash. There have been a lot of big deals in the past few months and a lot more are still to come. If investors can get the right stock at the right time there is a lot of money to

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'Special': In the Eye of the Manager

By Baie Netzer

THETHER their market is the United States, Europe or Asia, special situations fund managers have one key advantage: flexibility. In other words, "special" can mean just about anything they choose it to mean.

To start, most say they use basic value investing principals to find beaten-down stocks that are out of favor and trading at significant discounts to their asset value or at low price-earnings multiples.

But what distinguishes a special situation fund from a generic value-investing fund?

"Usually, the fund manager is hoping for a particular catalyst that will force the stock's value to be recognized by the market," explained Michael Lipper, president of the Summit. New Jersey, fund tracker, Lipper Analytical Services.

Price-boosting events can in-clude acquisition, new management, restructuring and costcutting. The risk for investors, of course, is that these events don't take place or that they don't actually improve a company's earnings outlook.

The latter scenario has made investing in Japan particularly

Clough, assistant director at is low enough, outsiders can Liu was the reverse takeover of Shroder Investment Manage- buy significant shares at attraction the Malaysian company Westment. While Shroder's Japan Enterprise Fund. a U.K. unit trust, has bought a number of Japanese shares on the strength of cost cutting and restructuring, "there have been almost too many that we have avoided." said Mr. Clough.

"Japanese companies have faced virtually every pressure a company could face in the last few years," he said. "There was tough pricing environment, volumes were weak and the currency was very strong. But not every company that has cut costs has been successful."

Mr. Clough cites Toshiha as a disappoinument.

"They have cut costs, but not enough," he said. "As a result, the improvement in profits won't be very dramatic." The control components maker Omoron, by contrast, has eliminated production of unprofitable parts, and Mr. Clough expects the company's profits to double this year.

Because special situation fund managers often speculate But in today's environment, "I on takeovers or restructurings, their strategy tends to perform well when the market is at extremes, according to Mr. Lipper. "When the market is high, company owners will be enticed into selling," he said. "And if it

tive levels."

But investors considering a special situations fund should be aware that portfolio manag-ers vary in their willingness to speculate. A special situation fund may resemble a traditional value fund the more a portfolio manager shies away from speculating on specific events.

In Hong Kong, Allan Liu, manager of Fidelity's Asian Special Situations Fund, says he tries to reduce the speculative element of his portfolio by buying into "reverse takeover" plays in the Malaysian stock market after the deals have been announced.

In a reverse takeover, an unlisted company acquires a listed company as a shell. The acquisition helps the acquiring compa-ny gain an exchange listing but it is the assets of the unlisted company that constitute the core business.

In a bull market, investors may speculate on reverse takeovers confidently, Mr. Liu said. find that I can still do well even after a deal is public. Once it's disclosed, all I have to do is know the value of assets and yield-to-maturity of 18 percent. that's determined by our re-

One recent success for Mr. investors will realize that."

the Malaysian company West-mont by a ship builder. Shares in Westmont doubled in price even after the deal was an-

For investors seeking such buys in Continental Europe, a similar strategy is followed by Talal Shakerchi, manager of Old Musual's European Stock Market Fund.

"I never put faith that management will turn a company around," said Mr. Shakerchi. "Sometimes I don't even disagree that a company won't do well. But if it's trading at a significant discount, sooner or later the market will probably recognize its value."

Among the stocks he currently favors is the Danish ship builder Burmeister & Wain. Dogged by investors because of its inability to fill its order- which made financing more afbooks profitably in the next two fordable, mergers and acquisiyears, the stock has fallen to tions soared to a record-breakdoesn't expect the company to post a profit in the near future, Mr. Shakerchi has purchased the company's convertible bond, which recently carried a fense.

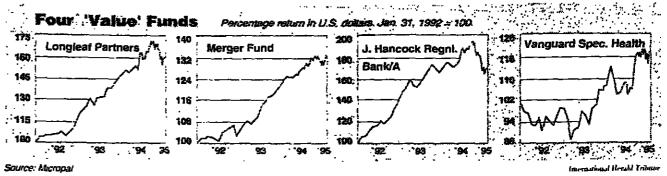
"The market has overreacted." he said. "Sooner or later,

a tricky game Mutual funds offer an accessible way of playing this high-

cell of Morningstar, the Chicago fund research firm. "They shop for bargains and

candidates," she notes. them till they reach full value," stocks like Gerber Products Co., which was bought for \$3.7 billion by Sandoz AG of Swit-

ter a buyout bid from American Home Products. Oats Co., maker of the popular Gatorade and Snapple bever-



The Takeover Game via Mutual Funds

1995, "The Fed's tightening of

rates is almost over, so bank stocks should act better," he said. More importantly, he add-

ed, the National Interstate

Banking Act will come into ef-

fect. "A lot of big bank holding

companies are looking to ex-

pand market share and that

thing they couldn't do before,"

Takeover stories have also

been a dominant theme in the

top performance of health care

funds, one of only three groups

that had a positive return last

year, gaining 4.5 percent ac-cording to Lipper Analytical

Services. Health specialty funds from the Fidelity, Putnam and

Vanguard groups were all

buoyed by holdings in compa-

nies like McKesson Corp.,

American Cyanamid and Syn-

More mergers and takeovers

are in the offing for pharmaceu-

tical companies, say analysts,

because they are under intense

pressure from health reform

and giant HMOs to lower costs

of their products. On the most

vulnerable list are Warner-

Lambert and Upjohn, whose

stock recently fell when it had

to discontinue trials of a prom-

ising "blockbuster" drug. At one point last year. Wall

Street's rumor mill said that the

Britain's Glaxo Holdings might

bid for Eli Lilly & Co., and non-

U.S. drug makers are expected

to keep the acquisitions game

here because they're getting the

goods on sale," observed David

Katz of Matrix Asset Advisers,

referring to the weak dollar.

New York money manager,

Perhaps the most unique op-

portunity for small investors in

the mergers and acquisitions

arena is a fund which offers the

opportunity to participate in ar-

bitrage, in which the players

pocket the difference between

the price of a target company's

which gained 7.1 percent in

1994, has a low-risk rating from

Morningstar because it has al-

most no correlation with the

usual ups and downs of the

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stock market.

"Europeans are shopping

rolling.

he said.

there," he noted.

By Judith Rehak

EW investors managed to turn a profit in last year's difficult U.S. markets, but one group that emerged a winner were the owners of stocks that were the object of takeover bids. Driven by economic re-covery and low interest rates one-tenth of the company's ad-justed asset value, according to according to Securities Data Mr. Shakerchi. Though he Co., a New York research firm. Merger mania hit an array of industries, ranging from tele-communications and pharmaceuticals to banking and de-

> How can an investor get in on these lucrative deals before their prices have shot out of sight? Few individuals are equipped to do the intensive research required to target takeover plays, or sift the rumors in what even the pros warn can be

stakes game, especially those funds that are adherents of value investing, says Kylelene Pur-

beat-up stocks or liquidations that often turn into takeover

One such vehicle is the \$740 million Longleaf Partners Fund, "The fund's philosophy is to buy stocks which are selling at half of what they're worth in terms of share price, and hold said a spokeswoman for the money manager. Last year, Longleaf gained a healthy 9 percent, in contrast to the averige equity fund's shrinkage of 1.67 percent. Longleaf's returns were fattened by holdings in zerland, and by holding American Cyanamid, whose share price soared to 101 from 63 af-

Currently, one of Longleal's biggest stakes in in Quaker ages. Takeover rumors have stock and the generally higher swirled around Quaker for a year, the most recent only a The \$179 million Merger Fund, year, the most recent only a week ago when its stock surged \$4.50 a share in one day on reports that Coca-Cola was about to make a bid,

The financial industry is another arena where merger mania has set in, and here, one way to enter the fray is via the John Hancock Regional Bank Fund. Fueled by the consolidation of smaller commercial banks which need critical mass to cut costs, and savings and loans banks which fell on hard times after the S&L shakeout in the late 1980s, this fund has returned an average 21 percent annually for the past three

means a Rank of America of Nationsbank will be able to acquire a bank anywhere, some-Mr. Schmidt has positioned his portfolio with small banks from Hawaii to Texas, adding that he doesn't expect consolidation to end soon. "There's still about 10,000 banks out

age of arbitrage. "We don't Morningstar, "where there is a speculate in takeover targets," lot of press as to whether the said Roy Behren, an analyst for merger is interesting, and

the fund. "We don't get in- whether it will go through, be-

volved until a deal or an expression of interest is announced." cause that keeps people away, and increases the return, it's a

"They're looking for situa- very interesting approach."

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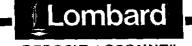
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From the Vultures, Some Business Tips percent in smaller companies, 25 percent

By Iain Jenkins

TOCKHOLDERS in Saatchi & Saatchi have been watching recent events in the global advertising agency with concern. Last week the stock plunged 30 percent on news that Maurice Saatchi, one of the brothers who founded the business, had been fired. Key executives then announced they were walking out to join Maurice in forming a

rival agency.

While this was a disaster for Saatchi stockholders, it had another group of investors licking their lips in hungry anticipation. "Special situations" investors see events like the Saatchi debacle as an opportunity. These investors are the vultures of the investment world. They circle above corporate carcasses hoping to spot something of value.

Richard Hughes, who runs London fund manager M&G, £1.2 billion (\$1.87 billion) "recovery" fund, says: "We are on the lookout for companies that have made losses, cut their dividend, stitched together emergency finance packages or have had to change the management. We look for bad news. Trouble is an opportunity."

Mr. Hughes is upbeat about his negaventional investment advice. And it is a strategy that has served M&G investors well. In 1993 the fund rocketed 37 percent, well ahead of the London market. Last year it was down 3 percent, but FTSE index fell about 7 percent.

Apart from picking recovery stocks, other areas that offer high returns are small companies about to grow, merger and acquisition plays and companies that develop "wonder" products, typically in biotechnology or computer software.

Over the past three years these areas have been a good place to put money. Following the exit of the British pound from the European Monetary System in September 1992, the government immediately cut interest rates. Many special situation stocks are interest-rate sensitive. Often they are smaller companies or companies with heavy financing commitments. Falling interest rates immediately feeds through to profits.

Chrissy Keen, strategist at Fidelity fund managers, said: "Special situations and recovery funds are linked to the economic cycle. They tend to underperform during recessions and outperform during the recovery. We think the recovery still has a

BRIEFCASE =

Feeling brave? Regent Fund

Management, a Hong Kong-based mutual fund manager, is

introducing an open-ended

hedge fund that will commit its

money primarily to Asian con-

vertible bonds. Given that

many Asian markets have sul-

fered badly in recent months

and that bonds generally had a catastrophic 1994, the timing of

the fund may seem unfortunate.

To the contrary, argues So-

phia Shaw, a director of the

firm: "With last year's higher

interest rate climate, along with

Regent Fund Opts

For Asian Bonds

long way to go, which means these types of funds should continue to do well." At the height of the recession in 1990, Fidelity's Special Situations fund plunged

28 percent. In 1991 as the recession continued to bite it managed a paltry 3 percent increase. Then as the recovery took hold the fund started to race. Over the last three years it managed a spectacular 73 percent return and was the fifth-best-performing fund in the British growth fund classification. The same pattern can be seen with Fi-

delity's Recovery Fund which performed even worse than the Special Situations fund during the recession but over the past three years has shown truly spectacular growth. It was the best-performing British growth fund over the period, with a return of 103 percent, according to Micropal, which measures fund performance. One of the problems of special situation

funds is that it is difficult for the investor to know exactly what is "special" about the investment strategy. Often they contain such a mix of themes and ideas that they are difficult to understand. Others have portfolios that are virtually indistinguishable from ordinary growth funds.

Ms. Keen at Fidelity says: "In theory any stock is a potential special situation at some stage. It is often a company that is out of favor where we are taking a contrarian view. It is most definitely not a growth stock but rather a stock that has been hurt by some bad news. We take a view that it will bounce back."

Richard Smith, who runs the Henderson Touche Remnant Special Situations fund, largely agrees with the definition of special situations, but gives the concept an added pinch of spice: "I tend to take very large bets on stocks that I feel offer undiscovered value. It is a high-risk strategy. If anything goes wrong you hurt badly. If it

goes right the rewards are handsome."
His biggest holding, which accounts for almost 8 percent of the £25 million fund is in Wace, the printing group which a few years ago was erroneously linked to the Irish Republican Army, causing a collapse in the share price. Wace stock is now bouncing back from a low of 180 pence a share. It is currently at 240 pence. This recovery helped turn Mr. Smith's fund into the 11th-best growth fund in Britain

last year.

"Special situations investing is always going to be volatile." Mr. Smith said. "I try to smooth out some of the volatility by having a structured approach. I keep 50

from taking an income stream

from a company (i.e., holding a

bond) to participating in its for-

tunes on the stock market (i.e.,

The fund is open-ended and

\$100,000. Fees run at 1 percent

of 20 percent of the growth in

For more information, con-

being a shareholder).

net asset value.

a sharp decline in equity market

volatility, prices of convertible

bond issues have fallen substan-

tially, especially in the Far East.

We believe that a genuine un-

dervalued situation now ex-

"With the flexibility to go long or short, a dedicated Asian

convertible bond fund will be

uniquely placed to benefit from

rising equity markets, higher

yields and arbitrage opportuni-ties." Ms. Shaw added. The fund will also invest in

derivative instruments to —it is

hoped --- enhance performance

and provide a hedge against

in FTSE stock and the balance in midcapitalization stocks. Mr. Hughes at M&G knows all about the volatility of these kind of funds. He bought shares in Saatchi & Saatchi at

around 100 pence more than a year ago after the company had announced a loss of almost £600 million. The investment seemed to be about to pay off with the shares at 178 pence earlier this month. Then Maurice Saatchi was dismissed and the shares collapsed back to the level at which Mr. Hughes had originally bought

Investors wanting to do their own "special situations" investing should consider companies like the bathroom-equipment group, Spring Ram, which ran into difficulty last year. The stock slumped and is now trading at 39 pence.

U.K. Recovery Funds

renivesieu, excluding diarge	o
Fund	Performance
Allied Dunbar Recovery	128.41
Allied Dunbar UK Special Sits .	133.58
Arkwright Recovery	173.94
Bardays Unicom Recovery	154.48
Barclays Unicom Special Sits	159.95
CCM Special Situations	145.62
Clerical Med Special Site	
Equitable Special Situations	106.28
Evermore Recovery	184.18
Fidelity Recovery	203.66
Fidelity Special Situations	
GT UK Special Situations	158.72
Guinness Flight Recovery	163.84
Hiti Samuel Special Situations	134.48
HTR Special Situations	139.09
Laurentian Recovery	
Legal & Cent UK Recovery	
Mercury Recovery	133,02
MGM Special Situations Growth	1 132.93
M&G Recovery	
NM Special Situations	143.88
NPI UK Special Opps	183.53
Prolific Recovery	144.96
Prolific Special Situations	127.07
Prudential Special Situations	135.44
Royal London Special Sits	155.46
Schroder Inst Recovery	164.48
Scot Widows UK Special Sits .	107.41
S&P Special Situations	133.85
TCD Solarted Connects militage	1AA 16

Performance of British recovery/special situation funds over three years to Jan. 2, 1995. Value of \$100, income

Allied Dunbar Recovery 128.41	
Allied Dunbar Recovery	
Arlownight Recovery	
Bardays Unicom Recovery 154.48	
Barclays Unicom Special Sits 159.95	
CCM Special Situations	
Clerical Med Special Site 133.34	i
Equitable Special Situations 106.28	
Evermore Recovery 184.16	ľ
Fidelity Recovery	ı
Fidelity Special Situations 179.44	
GT UK Special Situations 158.72)
Guinness Flight Recovery 163.84	l
Hill Samuel Special Situations 134.48	l
HTR Special Situations 139.09	ł
Laurentian Recovery	l
Legal & Cent UK Recovery 161.81	ı
Mercury Recovery	ı
MGM Special Situations Growth 132.93	ļ
M&G Recovery 165.17	l
NM Special Situations 143.88	l
NPI UK Special Opps 183.53	١
Prolific Recovery 144.96	ı
Prolific Special Situations 127.07	ł
Prudential Special Situations 135.44	ĺ
Royal London Special Sits 155.46	ļ
Schroder Inst Recovery 164.48	l
Scot Widows UK Special Sits 107.41	ĺ
S&P Special Situations 133.85	l

The manager, James Schmidt, is optimistic about TSB Selected Opportunities

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Market for ADRs

Boomed During '94

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risk investment for individuals.

nearly double the number of

new issues in 1993. ADRs are

one of the most popular routes

into international equity-type

Providence Capitol Changes Its Name

Providence Capitol International, an offshore insurance and investment company, has changed its name to reflect its ownership. The company will henceforth be known as Old traded on U.S. stock exchanges henceforth be known as Old enjoyed a boom in 1994, with Mutual International (Guern-

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SPORTS

Replacement Baseball's New Twists

Jays and Expos May Need 2 Teams' Worth of Players their predicament, the Expos stood that Canadian immigration able that even they couldn't get

Owner Firm on Rejection

Of Fill-In Team for Orioles

BALTIMORE — If baseball proceeds with its plan to use replacement players for major leaguers on strike, it will proceed without the Baltimore Orioles, according to the

The owner of the American League East club reiterated that stance on Thursday even though the league informed him

earlier in the day that he could face penalties ranging from a fine of \$250,000 a game to suspension to the possible confis-

so-called replacement players would stigmatize the game."

"My position hasn't changed." Angelos said. "The use of

And, he added: "We have a special problem in Baltimore

with the Cal Ripken streak, an extraordinary accomplishment

by Cal and one that we certainly will do everything to avoid

Ripken, the Orioles' shortstop since 1983, is closing in on one of baseball's cherished records, Lou Gehrig's feat of playing in 2,130 straight games from 1925 to 1939, Having

gone 2.009 games without missing one, Ripken was expected to pass Gehrig this summer. An Oriole team of replacement

By Murray Chass NEW YORK -- Replace-

ment Baseball, North America's newest sport, continues to produce bizarre developments. The Toronto Blue Jays decided to create a two-platoon system of managers and coaches, and the Montreal Expos faced the prospect of creating a two-platoon system of players.

Some of the people who could render those acts moot, the owners' negotiating committee, met with the mediator Bill Usery Jr. and Secretary of Labor Robert not be reached or did not return Reich, but there remained no indication when the owners and players might resume talks in Blue Jays' lawyer, said he under-players decided to play, "it's arguplayers might resume talks in their effort to settle their fivemonth-old dispute.

The Blue Jays decided that Manager Cito Gaston and his coaches, plus the team's trainers and clubhouse manager, would not work with replacement players. The club said it would assign other people from within the organization or hire others to manage and coach the replacements.

Replacement workers are also at the center of the latest complication stemming from Canadian federal immigration law. Just as teams that play in the United States will not be able to use noncitizens as replacement players, the two Canadian teams may not be able to use players who are

not Canadian citizens. The Blue Jays already had a problem with the use of replacement players. Ontario law does not permit the use of replacements for striking workers. But even if they somehow found a way around that dilemma, the Blue Jays would run smack into the larger problem that would

dians to play home games in work visas to non-Canadians if Montreal and one of all Ameri- they are to replace workers affectcans to play road games south ed by a labor dispute. of their border.

bor lawyer, said by telephone logically American players, from Washington. "We're aware there may be an issue there and we're looking into it."

When nonstrike basehali is

Expos' officials either could

team's owner, Peter Angelos.

cation of his franchise.

harming.

would have to stock themselves law prohibits the immigration with two teams, one of all Cana-

"The effect," Kirk added, "It's an issue that has come up fairly recently." Chuck O'Connor, the owners chief la-ers who would be brought in,

> played, players who are not Ca-nadian citizens receive temporary work visas. Kirk said it was possi

visas because it would have an impact on the labor dispute." But it was not a foregone con-

clusion that the Canadian immigration service would bar foreign players of any type. The Players Association is not licensed as a union in Quebec, and that could create a loophole.

"There seems to be some uncertainty," said Gene Orza, a union lawyer, "about whether or not the requirement for licensure in Quebec applies equally to the immigration of foreign nationals and the hiring of replacements under labor law."

Whatever type of players the Blue Jays wind up using, they will not have the benefit of the man who have the benefit of the man who has managed Toronto to two successive World Series championships. The Blue Jays. who were one of three clubs to vote against implementation of the salary cap, decided they did not want to jeopardize the relationship between Gaston and his staff and the regular players. his staff and the regular players.

Howard Starkman, the club's public-relations director, quoted Paul Beeston, the president, as saying, "In reality, it's a team game and the less disharmony there is, the better off we'll be"

Starkman said the club had not decided who would operate the replacement team, but General Manager Gord Ash said: "We have 50,000 managers every night here. I'm sure one of them will be available."

In Washington, the owners' negotiating team met with Usery for about four hours. Dick Conn. Usery's spokesman, said he could not discuss any other aspect of the meeting but said Usery intended to contact the union and discuss "where they go next."



AIRBORNE ROCKETS - Robert Horry and Otis Thorpe leaping to block the Knicks' Monty Williams. But New York brought the Rockets crashing down, 93-77.

Arizona Silenced By UCLA

The silence inside McKale Center told No. 4 UCLA just how well it had shot down

No. 11 Arizona. "I've never heard it that quiet here," Ed O'Bannon said after his 21 points and 11 rebounds led the Bruins to a 71-61 victory Thursday night.

The loss was Arizona's worst at home since a 61-49 defeat by Tennessee in 1983-84, Coach Lute Olson's first season.

O'Bannon said UCLA wanted to quickly take Arizona's crowd out of the game. The

COLLEGE BASKETBALL

Bruins did that by taking a 9-2 lead in the opening minute.

Tyus Edney had 19 points and nine rebounds for UCLA. which took over first place in the Pac-10.

Edney had a pair of layups in the first minute. He also held Damon Stoudamire, who scored 45 points in his previous game against Stanford, to 15. No. 1 Massachusetts 91, Rhode Island 75: In Providence, Marcus Camby scored 27 points as Massachusetts won its

I th straight game. Camby had 11 straight points for the Minutemen as they broke away to a 66-45 lead.

No. 10 Georgetown 70, Flori-da Atlantic 55: In Landover, Maryland, Eric Myles replaced Allen Iverson and scored 20

points for Georgetown.

Iverson, the Hoyas's freshman star, did not play because of a sprained right ankle. No. 13 Arizona State 81,

Southern California 71: Ron Riley scored 20 points and Mario Bennett had 18 points and 11 rebounds for the Sun Devils at home.

Bennett led a 16-4 run that ended the first half and gave Arizona State a 46-26 lead.

Washington State 83, No. 17 Oregon 78: In Pullman, Washington, Mark Hendrickson scored 9 points in the final 1:47 as the Cougars held off Oregon.
Isaac Fontaine had 27 points
for Washington State, and Hendrickson finished with 25 points.

No. 21 Stanford 78, Califor-

Poppink and Knight each made two foul shots for Stanford. No. 22 Georgia Tech 87

North Carolina-Wilmington 68: In Atlanta, Travis Best scored 24 points and Georgia Tech took the lead for good three minutes into the game.

No. 23 Cincinnati 84, Saint Louis 73: Art Long came off the bench with four fouls and scored sistent feetbell cooch.

BALL STATE—Den Purvis, emiletic director, will not be reappointed. Make Haywood.

besistent societal cooch, resigned to take a

from visiting Saint Louis. from visiting Saint Louis.

also affect the Expos. Unless they find a way out of

SCOREBOARD

NBA Standings

EASTERN CONFERENCE WESTERN CONFERENCE Midwest Division

Defroit Phoenix Seattle L.A. Lakers Socramento Portiand Golden State L.A. Clippers

Physical B., Minnesona 19 (Lucerrer 4).

to w York 22 24 16 39—73

Houston 17 25 17 18—77

N: Harper 6-12 2-2 16. Starks 9-17 1-2 22: H: Thorpe 7-14 1-3 15, Olgruwan 12-30 4-4 28. Re-bounds—New York St (Euring 18). Houston 47 (Olgruwan 17). Assists—New York 26 (Shorks 7). Houston 22 (Olgruwan Acciver). Cossell 51.

7), Houston 22 (Olojuwan, Mackwell, Cassell 5), Washington 35 24 30 22—115 Mitwoukee 28 33 31 28—126 W; Chapaney 8-14 2-21, Chapanon 11-29-4-4 30, Skiles 7-14 6-6 22; M; Robinson 9-17 12-15 30, Day 9-13 6-6 29, Rebounds—Washinston 42 (Cheaney, Howard, Skiles-4), Milwaukee 46 (Bakee 12), Assists—Washington 26 (Skiles 12), Milwaukee 22 (Mardock 10), Phoesix 29 20 54 22—129

12), Milworkee 22 (Milrock 19).
Phoenix 27 38 26 37—122
Portland 27 38 19 25—115
PH: Barkley 10-19 8-8 30, Majerie 10-29 4-5 10: PO · C Probinson 18-72 5-828, J. Robinson 12-22 2-6 30. Rebookds—Phoenix 42 (Borkley 13). Portland 52 (Dudley 10). Assists—Phoenix 29 (Perry, Majerte 5). Portland 26 (J.Roburson

Golden State 27 29 26 36-112 G: Hordaway 9-18 7-8 29. Wood 7-14 2-2 20. Alexander 8-17 4-4 20: S: Rickmond 10-18 3-3 26. Williams 8-18 2-4 21. Rebounds—Golden State 36 (Alexander 17), Socramento 47 (AsSmith 11). Assists—Golden State 21 (Jennings 8), Socramento 26 (Webb 7).

Top 25 College Results

How the top 25 teams in The Assa Press' men's college basketball poll 91-75. Next: vs. Temple, Saturday: 4, UCLA (10-1) beat No. 11 Arizona 71-61, Next: at No. 13 Arizona State, Saturday; 14, Georgetowa (12-

M: West 5-18 6-7 16. Rider 7-21 4-6 22. Re-bounds—Seaths 58 (Nema 13). Minnesoto 58 (Marsholl, Shackletard 8). Assist—Seaths 26 (Payton 8). Minnesota 19 (Laetiner 4). UCLA 77-61, Next: at Southern California, Sat-

players would end Ripken's chase.

terday.

12. Antizana State (13-3) beat Southern Callioning 31-71. Next: vs. No. 4 UCL.A. Saturday: 17. Oregan (11-2) lost to Washington State 83-72. Next: at Washington, Saturday: 21. State 30-72. Next: at Washington, Saturday: 21. State 30-72. Next: at Washington, Saturday: 21. State 30-72. Next: at No. 4 UCL.A. Thursday: 22. Georgia Teck (11-5) beat North Carolina-Wilmington 87-68. Next: at No. 18 Virginto. Sunday: 23. Cinchnatti (13-5) beat Soint Louis 84-72. Next: vs. DePaul, Saturday: 31.

Other Major College Scores

Fairteigh Dickingon 79, St. Francis, NY 76 George Washington 69, Temple 62 Hartford 87, New Hampshire 82 Holstro 79, Storry Brook 60 La Saile 76, Cleveland St. 67 Marist 81, Long Island U, 70 Md.-Ballimare County 78, Towson St. 77 Manmauth, N.J. 72, Mount St. Mary's, Md. Ridge 81, Woods

Coll. of Charleston 33, Centenary 42
Coopin St. 55, Beltiune-Cookman 47
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Margan St. 90, Florida A&M &4
N. Carolina A&T 93, N.C. Central 87
N.C. Charlette &4 Louisellie 87 N, Carolina Ast VS, N.C. Charlotte & Louisville 82 New Orleans & Ark.-Little Rock 59 Nicholis St. 96. North Texas 64 Sonthern Mass. 109. South Alabama 7 Selston 74. Fig. Inferrotional 49 W, Kentucky 68, Laulsiana Tech 49 DePaul 76, St. Joseph's 66 Illipois SJ. 95, Tuisa 79 Mis.-Milwoukee 90, Lovola, 111, 81
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Lamor 71, Arkansas S1, 58
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FAR WEST

Cal St.-Fullerton #7, San Jase St. 60 Colorado St. 80, Brighton Young 72 Hawali 71, Fresno St. 61 Idoho St. 86, N. Arizana 80 Nevado BL UNLV 73 Pacific 86 UC Irvine 77 Senta Clara 73. Gonzaga 68. 07 Utah St. 87, Long Beach 51. 67 Washington 75, Oregon St. 57

Same of the comment of the second of **World Cup Results**

MEN'S DOWNHILL
Results of Friday's race in Wengen, Switzerland; 1. Krishan Ghadina, Italy, 2 minutes,
26.K1 seconds; 2. Pater Rzeinó, Austria,
2:77.18; 3, Hannes Trinki, Austria, 2:77.5; 4.
Alle Skaprdal, Norway, 2:77.75; 5, Armin Asminen Austria, 2:77.50; 4, Annel Striphi Avsinger, Austria, 2:27.90; 6. Josef Strabl. Aus and, 2:28.07; Luc Alphond, France, 2:28.07; 9, Werner Pergitinger, Italy, 2:28.10; 10, Kyle Rasmussen, United States,2:28.11.

Downhiji Standlags (After 5 races): 1. Luc Alphond, France. 352 points: 2. Patrick Ort-lieb. Austria. 24: 1. Armin Assinger, Austria. 735: 4. Josef Strobi, Austria. 714; 5. Kristian Ghedina, Haly, 208; a. Guenther Mader, Aus-Iria, 172; 7, Werner Perathoner, Italy, 157; 8. Honnes Trinkl Austria, 145; 9, Jean-Luc Cre tier, France, 128; 10, Pietro Vitolini, Italy, 118. OVERALL WORLD CUP STANDINGS (AA OVERALL WORLD CUPSTANDINGS (AN-ter 18 roces): 1, Alberto Tombo, 19dy, 83 points; 2, Guentiner Moder, Austria, 42; 3, Jure Kost., Stovenia, 430; 4, Luc Albriand, France, 428; 5, Marc Girardelli, Luxembours, 494; 6, Dielli Andre Admodi, Norway, 402; 7, Polirick Orlibe, Austria, 346; 8, Michael Tritscher, Austria, 345; 9, Michael von Grun-gen, Swilzerlond, 328; 10, Armin Assinger, Austria, 329.

WOMEN'S DOWNHILL 4. (saide Kestner, (loty, 1;26,15; 5, Renale Goelschi, Austria, 1;26,19; 6. (Ne) Nothalie Bauvier, France, 1:26.29: Hilary Lindh, Unif-ed States, 1:26.29; B. Alexandra Meisshitzer,

Downhill Standings (After 4 races): 1, Hi-lary Lindh, United States, 320 points; 2, Picobo eet. United States. 209; 3. Katia Selzinger Street. Unined States. 2017; J. Kanja Sessinger. Germany. 2065; 4. Bibliane Peres. Inbyly. 142; 5. Florence Alasmada. France, 135; 4. (hie) Isalde Kustner, Inbyl. 130; Nathalle Bauvier, France. 130; 5. Heidy. 130; Nathalle Bauvier, France. 130; 5. Heidy. 130; Nathalle Bauvier, France. 130; 5. Perhillo Wilbers, Sweden. 120; 19. Michaela

9. Perhillo Wiberg, Sweden, 128; 16. Microbed Gerg-Leiher, Germany, 119; OVERALL WORLD CUP STANDINGS (Ar-ter 17 roces): 1. Kollo Seizinger, Germany, 703 points; 2. Heidil Zelter-Bachler, Switzerland, 57; 3. Vreni Schneider, Switzerland, 502; 4. Morting Eril, Germany, 470; 5. Picabo Strayl, United States, 405; & Pertillia Wilberg, Swe-

den, 399: 7. Hitary Lindh, United States, 374: 3. Anita Wachter, Austria, 373: 9. Debarah Com-

INTERNATIONAL TEST South Africa vs. Pokisten. 2d Day Friday, in Johannesburg

> BASERALL

PITTSBURGH-Purchased contract of No-BASKETBALL

NSA—Suspended Oklen Polynics of Socro-ments and Rod Strickland, Cryde Drexter, Mark Bryant, Harvey Grant, Jerame Kersey and James Edwards of Parlland one same each lor their roles in a fight during a game, and lined Polynice and Strigitional \$5,000 opiece.
CLEVELAND—Named Larry Nance see-

DETROIT-Activated Mark West, center. GOLDEN STATE—Announced that workers Jim Fitzeroid and Don Firrams mode the sale of their 75 percent ownership of the feam to Christopher Cahon, makins him sale owner. Placed Chris Mullin, torword, on the Injured list. Activated Corios Ropers, for-word, from the injured list. NEW JERSEY—Placed Sleepy Floyd.

guard, on the injured list, Activated gins, guard, from the inlured list. PORTLAND—Placed Agran McKle, guard, sive line coach.

L.A. RAIDERS—Named Joe Busel senior ossistant coach and offensive line coach.

FOOTBALL

HOCKEY. Matiensi Heckey Leagu IL—Reduced the suspensions of Voncou-eff wing Gino Odjick from 10 games to six Vancouver coach Rick Ley from five

PHILADELPHIA-Recolled Chris Ther- mia 73: Dion Cross had 22 on, from Hershev. AHL Aspoints and Brevin Knight had thotsamon and Jeff Finley, de-Hershev. Joint S and Dievin Filiper, and System Steward Motourous and Jeff Finley, defersement to Hersher.

PITTSBURGH—Reculted Len Barrie, forward, and Oille Sundstrom, goaltender, from for California with 1:14 left tied ST. LOUIS-Assigned Goott Surjecture, soci- it at 72, but then Cross, Andy

lender, Terry Hollinger, defensemen, and Crois Johnson, Poirice Tardit and Denny Feisner, forwards, to Peorla, Itt. WASHINGTON—Traded Don Beouwe. endor, to Ottowo for a fifth-round pick in AKRON-Named David So

rdinator and Mork Murphy assistant foot ert Henry assistant tootboll coach and Pat Cononce defensive line coach. ARIZONA STATE-Named John Pettos as-

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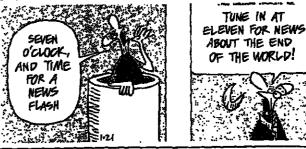








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SPORTS

German Upsets U.S. Downhiller

CORTINA D'AMPEZZO. Italy — The German veteran Michaela Gerg-Leitner edged Picabo Street of the United States by two hundredths of a second in a women's downhill race on Friday to capture her first World Cup victory since

Gerg-Leitner, a late starter with No. 39, flashed down the Olimpia Tofane track in one minute, 25.82 seconds as Street was already celebrating what would have been her second downhill triumph of the season.

Katja Seizinger of Germany, the Olympic downhill champion, finished third in 1:26.08.

"This is a big surprise for me." said Gerg-Leitner after the fourth World Cup victory of her career. "I knew I was heading for a good time but no way did I expect to beat Street and

Seizinger's 60 points for third place lift her to the top of the overall standings, taking over the leadership from Heidi Zeller-Baehler of Switzerland, who finished 14th on Friday. It was a bitter, consecutive upset for Street, who lost a World Cup super-G to France's Florence Masnada, by four hundredths, in Garmisch-Partenkirchen, Germany, last Sat-

The live

Street, a silver medalist in the Olympic downhill in Lillehammer, won her first ever World Cup race in a downhill in Lake Louise last month.

Cortina is staging a second downhill on Saturday and a giant slalom on Sunday in the final World Cup tests for the women before the world championships, which start — snow conditions permitting — in Sierra Nevada, Spain, on Jan. 30.

Friday's race replaced one originally scheduled for the Garmisch-Partenkirchen, where the Austrian Ulrike Maier was killed during a race last year. The resort has not yet carried out safety work required before it can stage downhills

Italy's Ghedina Posts Victory in Men's Race

Compiled by Our Staff From Dispatches

WENGEN, Switzerland - In a flawless race, Kristian Ghedina of Italy posted his country's first downhill victory in five years on Friday and completed a comeback from a car accident that nearly cost him his life.

The 25-year-old downhill specialist finished the famous Lauberhorn course in 2 minutes 26.33 seconds, .85 ahead of Austria's Peter Rzehjak and 1.20 seconds in front of Hannes Trinkl, another Austrian.

With abundant snow and few icy patches thanks to warmer temperatures in recent days, skiing conditions were optimal.
But the former Olympic champion Patrick Ortlieb and his fellow Austrian Günther Mader both crashed out after posting fast intermediate times.

The result left the top of the overall World Cup standings unchanged. Alberto Tomba, who does not race downhills, maintains a commanding lead with 850 points. Mader, an allrounder, is a distant second with 482 points.

It was the third World Cup career victory for Ghedina. He won in Are, Sweden, and Cortina, Italy, in 1990 — the last downhill victories for Italy.

In April 1991 he was seriously injured in a car crash in

Milan. He was in a coma for three days. "I had a hard time after my car accident," he said. "It has

been a long wait for this win after five years. I knew it would be just a matter of time before I started winning again." It was another dismal day for the Swiss, whose downhillers

Gigandet was their best performer, sharing seventh place with Luc Alphand of France. The race Friday replaced a downhill scheduled for Jan. 6 in

Crans Montana. The traditional Lauberhorn classic takes place Saturday, followed by a slalom and combined on Sunday. The races are the last for the men before the world championships, which begin Jan. 30.

68 Lunges?

70 "A Chorus Line"

song
71 Conference start

72 Ship plank

74 Tallow source

76 L'eis?

81 Ersatz art

84 Dines à la

86 100 groszy

87 Auto racer

88 Like many

90 Had a life

99 ---- cheese

101 Gossip column

102 Airport center

103 Nurse's ---

104 Blackmore's

105 See 38-Down

DOWN

1 Mozart's"

2 Grunts of

5 lago's wife

6 Made a collar

8 Conquistado

quest 9 Send by a

ion tutte"

4 Harrison Ford's "Fugilive" co-star

100 European

95 Pals?

89 Rears its ugly

83 Buddies

75 Opposite of "la," in French

80 —— Haute, on the Wabash

85 Make an effort

Sampras and Courier Roll On, as Stich Tumbles Out

MELBOURNE - Pete Sam-

pras put aside concerns about the health of his coach, Tim Gullikson, on Friday and moved ruthlessly into the fourth round of the Australian Open tennis championship. Sampras, the defending champion and No. 1 seed.

crushed Lars Jonsson of Swedne, 6-1, 6-2, 6-4, steamrolling through the first two sets before Jonsson offered some resistance in the third.

Gullikson, 43, who suffered two minor strokes in the past three months, was taken to a local hospital after suffering a dizzy spell an hour before Sam-

pras's match. An ATP Tour spokesman, Greg Sharko, said Gullikson "resting comfortably" in a hospital on Friday night and that he would remain there for at least two days for further testing. He said tests thus far were inconclusive as to his illness earlier in the day.

Young America Triumphs Again

Stripes by five minutes in a defender trial race.

Nippon easily defeated Rioja de Espana.

SAN DIEGO (Combined Dispatches) — In a stirring come-back victory, Young America beat America's Cup favorite Stars &

Young America now has four victories. Stars & Stripes, skip-pered by Dennis Conner, has one victory and is tied with the all-

women America3 team. Young America, skippered by Kevin

Mahaney, recovered from a penalty turn at the start to overtake

Stars & Stripes with just four miles to go in the 18.55-mile (29.68

In the Challenger series, the Tag Heuer Challenge, with Chris Dickson at the helm, won the start and battled Sydney 95 to the

first weather mark. Tag Heuer rounded the marker with a 27-

second lead and never looked back. In another challenger race,

ATLANTA (AP) - After flirting with joining the ranks of

Niekro, who will be 56 the day before the baseball season is to

open on April 2, said Thursday that his allegiance to the Players

Association and to the Silver Bullets women's team, which he has

agreed to manage for a second year, were factors in his decision.

National League team, which he did not name, about his availabil-

ity this season. The Atlanta-Journal Constitution reported that

the team was the Braves, for whom Niekro pitched for 18 major

DUBAI, United Arab Emirates (AP) - Colin Montgomerie of Scotland surprised the field and himself with a 10-birdie, 9-under-

par 63 on Friday, vaulting him into a three-stroke lead after two

His two-day 13-under 131 total pushed him past Greg Norman

of Australia and the American Fred Couples, who shot 70 and 69

to share second at 134. Nick Price of Zimbabwe and Howard

Dan Marino, the Miami Dolphins quarterback, and Barry

Sanders, the Detroit Lions running back, were voted most valuable player in their conferences in balloting by the National

Football League Players' Association on Thursday. (Reuters)

Montgomerie Leads by 3 in Dubai

rounds of the Dubai Desert Classic.

For the Record

69, while Ernie Els was five back after a 68.

Niekro had said Wednesday that he had been contacted by a

replacement baseball players this season, the former Atlanta pitcher Phil Niekro said he would not play for any major league

Niekro Rules Out Return to Mound

SIDELINES

kilometer) race.

"I just had to block it out and not worry about it and concentrate on my tennis," Sampras said, "I realize he's in good hands.'

It was Sampras's third successive straight-sets victory, and he was satisfied with his performance, which included 13 aces.

well," he said. "I thought I played as well as I could." Sampras next plays No. 15 seed Magnus Larsson, the Grand Slam Cup winner. Lars-

son had a walkover when his fellow Swede Thomas Engvist withdrew with a fever. Jim Courier, the ninth seed and a two-time champion here, scored a predictable 6-3, 6-3, 6-3 victory over the Australian

tournament matches this year. Karel Novacek gained revenge over a disgruntled Mi-

The unseeded Czech semifinal loser to Stich at last year's U.S. Open - outplayed the lackluster No. 7 seed, 7-5, 6-2, 6-4, in just under 100 min-

Michael Chang of the United States, the No. 5 seed, and No. 13 Andrei Medvedev of "I thought I handled it pretty Ukraine also advanced to the round of 16,

Chang, who has not previously made it past the third round in Melbourne, defeated the powerful Czech Martin Damm, 6-3, 7-5, 6-3, in windy conditions on Court 2.

working on his serve, had 14 aces and made only 15 unforced left-hander Mark Woodforde in errors. Chang now meets Olivithe evening session. Courier has er Delaitre, a 6-4, 6-4, 6-2 winner over Russia's Andre Olnot dropped a set in his eight hovskiv.

> Medvedev cruised past Stefano Pescosolido of Italy, 6-4, 6-3.

Stich had surged through his first two matches at the Open. winning both in straight sets and dropping only 14 games in the process — but was stopped in his tracks by Novacek and flew straight home to Germany ufter the loss.

After searing heat made con-ditions uncomfortable for players on Thursday, rain fell on Friday morning, preventing of the time when he approached play on outside courts for more the net. than two hours. Play continued on center court under the retractable roof.

onditions on Court 2. Stich was unhappy to find himself playing indoors.

"The conditions change 100 percent — it is a totally different ball game," he said. "It was an advantage for him to play indoors. It is supposed to be an outdoor tournament — and that is what it should be."

Novacek, who is ranked 28th

moving impressively into the ting 33 winners to his oppo-last 16. ting 33 winners to his oppo-nent's 19. career titles, advanced to the fourth round of the Australian Open for the first time in five appearances.

> Novacek broke the former Wimbledon champion's serve four times during the match and never was broken himself.

He was more aggressive than

usual, hitting the ball with great pace and coming into the net with surprising frequency. Novacek won the point 75 percent

"I definitely wanted to play a different game than I did in the U.S. Open," Novacek said. "It's not that usual for me to play serve-and-volley, but I wanted to do something different. It was perfect."

There was also an upset in the women's singles with Kyoko Nagatsuka of Japan, 20. who never has made it past the second round of any Grand Slam, ousting No. 14 Amy Fra-

chael Stich earlier in the day. 6-3, serving nine aces and hit- in the world and has won 13 zier of the United States, 6-3, 6-

Nagatsuka now meets No. 8 seed Natasha Zvereva of Belarus.

Conchita Martinez, the reigning Wimbledon champion and No. 2 seed from Spain, also advanced to the fourth round with a 6-3, 2-6, 6-3 victory over Kristie Boogert of the Nether-

Martinez was troubled by a neck injury during the match and used ice on the injury during changeovers.

She now faces unseeded Irina Spirles of Romania, who equaled her career-best Grand Slam performance by defeating Yone Kamio of Japan 2-6, 6-3,

Mary Pierce of France, seeded fourth, was frustrated by the 17-year-old qualifier Dally Randriantefy of Madagascar

before winning 6-3, 6-3. She now plays No. 10 Anke Huber of Germany, who triumphed in the evening session over Yayuk Basuki of Indone-

No. 6 seed Lindsay Davenport of the United States downed Sandrine Testud of France, 6-3, 6-4 and now plays No. 12 Brenda Schultz, who

beat Anna Smashnova of Israel. After his postmatch press conference, Sampras left the National Tennis Center to visit

Gullikson in the hospital. In October, Gullikson collapsed in a Stockholm hotel room. He again fell ill at the Grand Slam Cup in Munich in

December. Brain scans showed that he had a blocked artery and had suffered two minor Gullikson is on a tablet form of blood-thinning medication called Cumidin. When asked following a first-round match

about Gullikson's health, Sampras said his coach was healthy and was taking his medication

Australian Open 3d Round Results

Men's Slogles. Third Round Karel Novocek, Caech Republic, det, Mi-choel Stich (7), Germany, 7-5, 6-2, 6-4; Olivier Delatitre, Franca. det, Andrei Olivoskiy, Rus-sla, 6-4, 6-4, 6-2; Andrei Medvedev (13), Ukrajne, def. Stefano Pescosolido, Itoiy, 6-4, 6-

Ukroine, def. Stefano resource.

1. 6-1.

Michael Chong (5), U.S., def. Mortin Damm.,
Caech Republic, 6-1, 7-5, 6-3; Pete Sampnos
(1), U.S., def. Lars Joneson, Sweden, 6-1, 6-2, 6-4; Magnus Larsson (13), Sweden, def. Thomas

Sweden, walkover: Jim Courier (9)

6-3; Brendo Schultz (12), Netherlands, def. Anna Smashnavo, Israel, 6-2, 6-2; Lindsay Davenport (6), U.S., def. Sandrine Testud, France, 6-3, 6-4.

driantety, Madogascar, 6-3, 6-3; Kyako Nogaf-suko, Joban, del, Amy Frazter (14), U.S., 6-3, 3; Nofasha Zvereva (8), Belarus, def, Judlith Wiesner, Austria. 4-6, 7-6 (7-3), 6-4; Anke Huber (10), Germany, def, Yavuk Basuki, In-donesia, 6-0, 6-1. Karel Novacek avenged a U.S. Open loss to No. 7 Michael Stich with his victory Friday.

STREET TRANSLATIONS By Frances Hansen

- **ACROSS** 1 Certain reporters 5 Slip Haydn 14 Monastery manuscripi
- 19 Kind of arch 20 Religious author Philip
- 21 ---- blue as ! can be" 22 Ocher green 23 Pain?
- 26 Sheltered as 27 Nationality since
- 28 -eye (tinstone) leader Ernest 30 Heavy farm cart
- active or grade 32 Pyromaniac delights 33 Dead Sea
- 45 Corrida 46 The Great 47 Nabokov book 48 Prince Valiant's

Maaze!

Enterprise, e.g.

40 Fragrances

- 49 Please? 53 Intoxicate 54 Spring harbinger 56 Sea arm 57 Explorer of Florida, 1539
- 58 Poetic feet 59 Part of M.O. 60 --- Galilee
- 64 U.S.S. 36 Toned down
 - The leading global supplier of digital products and services
- French region 11 Writer Jorge 12 Head-'em-off 13 Shade of blonde 14 Sticks
- 18 Struck out 24 Police hot line
- 25 Schlepped
- 52 Bubbin bay
- 36 "Anyone who disagrees with me," in a saying Kevin Costner - Domingo 41 "- the Hour (1948 Cresby 42 Fencing equipment 45 Brindled cal

—— the green (links luck)

33 Wisdom tooth

34 Put on a pedesta

32 Dukes

35 Moon?

- 47 Penns' pay. 49 Miller's 50 Icy waterway: 77 Pastoral poem 78 Defeat, and how Ashley Wilker 79 Peddled better sister, in "G W.T.W."
- 53 Baylor athletes 55 ---- aves (noceareils) 57 Gave everybody 59 Calvin Klein
- 60 Splotch 61 Recurrent 62 Tropical palm 63 Trills lightheartedly 64 .1991-92 U.S. Open tennis champ 65 Sluggish

D New York Times/Edited by Will Shortz.

- 68 "Olympia" painter gnos nosial. 69 subject 72 Grotesque 74 Eskimo's wrap 76 Less trained
- 82 Blow the whistle 84 Get stuck (on) 86 Like city real '87 Cousin of the
- egret 88 Tropical tuber 89 Caron film, 1953 91 Place for a Solution to Puzzle of Jan. 1-1-15

finalists, at Lansdowne Road.

- 92 Noisy-le-Sec summers 93 Mil. awards 94 Casey's club
- 95 Cups'urg. 96 Classic prefix 97 - Harlen (Norwegian leader)

INTERNATIONAL ESCORTS

Europe Sets Sights on Rugby World Cup

LONDON --- Paris, Dublin and Edinburgh will provide the backdrop on Saturday to the start of the European chal-

lenge for the third rugby World Cup, which culminates in Johannesburg on June 24. France faces Wales at the Parc des Princes in Paris on the opening day of the Five Nations championship, while Ireland seeks a hat-trick of championship vic-tories over England, the 1991 World Cup

Scotland, the team without a Five Nations match on Saturday, will still be in action, taking on Canada, another of the 16 World Cup contenders, at Murray-field in Edinburgh. The championship stretches from the

dark days of January through to the promise of spring in March, with the final round scheduled for March 18. Thereafter, rugby action will be fast and furious as the 16 World Cup finalists tune up for the first major international

sporting tournament set in South Africa. Canada, thrashed 60-19, by England at Twickenham in November, will swap the mud of Murrayfield for the sunbaked fields of Fiji with a match in Suva on April 8, while France meets Romania in Bucharest on the same day.

The Canadians then travel to New Zealand for a match against the 1987 champions. The current cup holder. Australia, plays host to Argentina in a two-

match series, and Scotland meets Spain. a nonqualifier, in Madrid.

The demands on the top European players in what is still ostensibly an amateur game will be intense over the next six months.

Although the Five Nations' tourna-ment still holds its unique attraction as the world's greatest annual rugby tournament, France and England in particular are already looking forward to South Africa and the prospect of becoming the first European nation to win the World Cup. "The tournament will give us a chance

of measuring ourselves against Scotland. who will play in our World Cup group. Wales and Ireland, who we could meet in the quarterfinals, and of course England, who we could meet in the final, if we achieve our hopes of getting that far." said the chairman of French selectors. Guy Laporte.

France, which lost to the All Blacks in

the 1987 final in Auckland after winning a memorable semifinal against Australia. may never have a better chance to win the cup. Although the French rarely travel well, partly because of language and cultural differences, last year they became

in New Zealand The hard grounds, bright light and heat of South Africa will suit a side whose leading players come from southern France. As a historical bonus. France

the first European nation to win a series

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was also the first side to win a series in South Africa, in 1958.

Wales's Five Nations championship last season represented an astonishing comeback from the nadir of 1991, when the Welsh were beaten by Western Samoa in the World Cup and failed to qualify for the second round. But they have been badly hit by inju-

league - the professional game - and it would represent a major upset if they were to win in Paris on Saturday. The clash of the championship is likely to be the meeting between France and England at Twickenham on Feb. 4, when the French try to reverse a sequence of

seven straight losses to their perennial

ries this year and defections to rughy

England these days is unrecognizable from the squad that performed so poorly at the first World Cup. On paper, the English boast more top-class players than any nation in the championship. including France.

But as the English captain. Will Car-

ling, concedes, his team has been unable

to string a series of consistent results

together since the Five Nations grand slams of 1991 and 1992. The inclusion of Kyran Bracken at scrumhalf and of Mike Catt at fullback shows that England intends to pursue the type of expansive game and flexible tactics that will be essential for success in

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DAVE BARRY

Here's Why Newt Is So Angry

You're Paying for It"). The Democrats, who had been in charge of Congress for thousands of years, have been thrown out into the street; you see hordes of them wandering aimlessly through traffic, freezing, holding crudely lettered signs that say "WILL INVENT HUGE WASTEFUL GOV-

ERNMENT PROGRAMS FOR FOOD." Congress is now in the hands of a genetically altered new breed of Republicans led by Newt Gingrich, a man who is motivated by a passionate commitment to political and cultural beliefs that were forged in the crucible of his youth — when America was strong, and people had real values, and the streets were safe, and at school the other kids dunked Newt head-first into the boys room commode because he was a dweeby little ball of pudge named "Newt."

Yes. Newt is an angry man, and he is above all angry at the federal government: he hates it, hates it, hates it. The only thing that keeps him from eliminating the federal government altogether is that then he

would have nowhere to work. Nevertheless he and the other new-breed Republicans are determined to "downsize" the government in every single area except of course those areas that are located in their personal districts. At the same time. they want to "upsize" spending on national defense, so that Americans will never again have to fear that some foreign bully such as Saddam Hussein will be able to dunk the head of this proud nation in the boys' room commode of international humiliation.

The Republicans also want to pass a middle-class tax cut, and so do the estimated eight Democrats who were able to retain their congressional seats during the recent elections by hiding in their basements. Even Bill Clinton, who as of this writing is still, technically, the president. has decided that he is once again in favor of a middle-class tax cut. You may recall that he had planned to propose a tax cut right after he got elected, but once he took office he became preoccupied with the awesome responsibility of having to com-pletely change his mind every 45 minutes.

But the point is that all parties in Washington now agree that the middle class should get a tax cut, which means there will not be one any time soon. Instead there will be a lengthy and loud debate over who will get CREDIT for a tax cut:

Oceania

MAMI — Big changes are occurring in Washington (motto: "Don't Laugh: press releases alone will be far greater than press releases alone will be far greater than whatever pathetic amount winds up in the hands of the actual middle class.

Speaking of action, we can also expect the new Congress to do something about bringing back the kind of decent, oldfashioned values that we used to have in America years ago, when there was no crime, and a new car cost 50 cents, and you weren't constantly being hassled by total strangers trying to get you to change your long-distance telephone company, and no-body had ever heard of "cellulite," and if you asked for water in a restaurant they didn't ask you what KIND of water and then charge you good money for it even though it probably came out of some French person's garden hose.

We need to take action, especially in out schools, where the time has come - no matter WHAT the so-called Supreme Court says - to bring back an activity that has been missing from our public education system for far too long; an activity that was a regularly scheduled part of the school day when Newt and I were boys: an activity that has been eliminated with disastrous consequences to the moral fiber of our youth. I am referring, as you have no doubt de-duced, to the wearing of athletic supporters.

I have here an article from (really) the Cox News Service, written by Kevin Amorim and sent in by alert reader Tom Wassenich: this article states that supporter-wearing has declined sharply among the young men of today. I was alarmed to read this. When I was a youth, we HAD to wear athletic supporters in gym class, and although they were unconfortable, we were ultimately glad they were mandatory, because every now and then you could sneak up on a victim, grab hold of his elastic strap, pull it back about 700 feet, then let go, and henceforth the victim would be singing in a whole different section of the glee club, if you catch my drift.

I say that if mandatory athletic supporters were good enough for great Americans such as Newt and myself and the late Abraham Lincoln, then they are good enough for the young people of today, and I hope that you will join me in loudly voicing this opinion to whoever will listen. And speaking of voices, I cannot help but notice that Newt's is fairly high-pitched.

Knight-Ridder Newspapers

A Film Chronicle of Sarajevo, Day by Day

PARIS — Although television has been a common household appliance for some 40 years, it isn't often used as a unique medium: Most programs are just miniaturized movies, newsreels with a visible,

instead of invisible, commentator, or visual radio. In six years of existence, a French television news and documentary agency called Point du Jour has produced 600 hours of film, some of it bread-andbutter work, some of it remarkable in its approach and unexpected success.

"I think television has to be approached as a player in society and not just a reproduction of reality." says Patrice Barrat, who founded the agency with Jean-

MARY BLUME

Louis Saporito in 1988. Last year Point du Jour became the first foreign company to win the BAFTA award, the British equivalent of an Emmy, for television originality.

The award was for "Chaque Jour pour Sarajevo" (in English, "A Street Under Siege"), a two-minute film shown nightly last winter on BBC2 and picked up by the French-German station Arte and other channels. In Britain audiences grew from 500,000 to 3.5 million by the time the series ended last March.

The simple idea was to take a street in the old Bascarsija quarter of Sarajevo, to film daily life there mornings and to send out the edited film by satellite by late afternoon. The subtitled conversations between neighbors were chosen with great skill and the characters became so familiar, says Serge Gordey, one of the 10 directors of the series, that viewers asked for news of the doctor or the cheeky 13-year-old Nino or the beautician Jasmina after the series ended.

The vignettes gained, rather than lost, by being shoved in between normal programs. "Exactly," Barrat says. "They use television as the specific medium, as the tool. Even in terms of programming they are something different in the flow of TV images between commercials and the news all of a sudden a

viewer has to stop and think twice, what is this?" There is the fireman with his new chicken whom he has named Hasmeta and whom he thanks for having laid eggs to keep his children from starving, there is Nino who no longer goes to school because a shell hit it and who is building a bunker with his chums. "I wish the war would end so we could stop playing war games," he says.

On the 632d day of the siege (each program was numbered) there are the women trying clumsily to fell a frozen tree for fuel while an old lady cries from a floor above, "Don't touch my birch tree, oh no, not that." And there is a stunning film by Gordey prompted by the natives' expertise in identifying incoming

The local film crew suggested that Gordey view the subject through two deaf men who cannot hear the



Nino, a cheeky 13-year-old caught in a war.

shells. They are shown in the marketplace. "When I see the others run, I run. The deaf are not made for war." one of them says. The film ends with the two walking down an empty street and chatting with surreal calm, unaware of shells exploding around them. When the series ended, the Point du Jour team

wanted to do something else that could show daily life under pressure and for England's Channel Four produced a series called "Belfast Lessons."

They chose to center the series on one of Belfast's two integrated (Catholic and Protestant) schools, Hazelwood, and the innovation was that the three-minute programs would be seen every night in Belfasi as well as England, with a weekly compilation including reactions from Belfast viewers.

The two-month series began just after the September 1994 cease-fire was announced and, while the Sarajevo films were striking for what the subjects revealed, the Belfast series was equally interesting for the teenagers' view, "Whatever you say, say nothing." They are not interested in politics but, spiritless and suspicious, they are destroyed by them.

Point du Jour works with filmmakers of many nationalities and undertakes half its programs before backing is assured. "We don't want just to do shows," Barrat says. "The things that are happening in the world now are so serious that this is not acceptable. I am not against entertainment programs or documentaries about animals but I feel you can't deal with current problems just by putting on a good show."

One of their most successful series is Vis-à-Vis,

ing to enable people from different parts of the world to talk to each other for several days, conversations which are then edited to one hour. "The innovation is that it's direct communication between two people that becomes a film or a documentary with no mediator." Barrat says.

Subjects have included a Serb and a Croat, an AIDS patient in France and one in Poland whose sufferings are increased by intolerance, an Asian woman in a Brooklyn ghetto and an Algerian woman in a ghetto in France. "We are thinking of doing one between teenagers in Belfast and Sarajevo because in Belfast there is a kind of growing tolerance while in Sarajevo the pressure is such that tolerance becomes harder." Barrat says, "and we are thinking of doing one between black teenagers in South Africa and the U.S. where the issue would be comparing the political violence of South Africa with the social violence of the U.S."

In February they will do a program on Algeria consisting of debates between Algerians living in France and Algerians in Algeria. "It will be shown in France and in Algeria and, believe me, everyone will turn their satellite dishes to see this program in Algeria," Barrat says. The point will be to show that Algerians can still think about the future and debate freely. "At least on TV," Barrat adds.

They are also planning a series, commissioned by Channel Four, on fascism. It is not historical, the idea is to look at dangerous phenomena right now which claim not to be fascist," says Gordey, who will produce.

A second Sarajevo series began on Arte this month. aimed less at showing scraps of life than at letting the locals state their views directly to the camera. It poses problems for Point du Jour since the cease-lire, however tentative, has created an ostensibly less dramatic atmosphere and the team in any case had no wish to repeat last year's approach. Life there is materially better, Gordey says, in that food is more readily available (the fireman, able to buy eggs, has eaten Hasmata, his chicken) but the people's mood is worse,

The programs are disconcerting, jagged and sour. Nino, now 14, has bags under his eyes, and on day 1009 Jasmina the beautician tells viewers that she is sick of living in a zoo, of being a creature viewed on safari. Their hopes for peace can only shame us because they sound so hollow.

Foreign television stations have criticized the second series because it is less spectacular. Perhaps Sarajevo, now in its third winter of siege is less telegenic. especially with the unfolding drama of Grozny, but Barrat does not consider this a reason to let it drop. The West, he says, is ready to bury Sarajevo without even a decent obituary.

"It's important for all of us to be able to assess what three years of war have done. We spent five months with these people, some follow-up is compulsory. You have to see what happens to people you spent five months with, you can't just let them go.'

WEATHER

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THE film director and actor Richard Attenborough has made an appeal for tax breaks to turn the British film industry into the Hollywood of Europe, "I am pleading that we offer circumstances comparable to other countries in the world, which will persuade Jack Nicholson to come to the U. K. to make his film rather than go to Spain or to Australia or to Ireland." Attenborough told a parliamentary committee considering the future of the industry. "I think it would be a terrible loss worldwide if British cinema is lost."

A mysterious midnight caller paid his annual visit to the Baltimore grave of Edgar Allan Poe to deposit the customary half-full bottle of Martell and ince roses. The ritual, which began in 1949, marks the poet's birthday. The bespectacled stranger tipped his fedora to onlookers holding vigil from a respectful distance.

Daniele Gatti will take over as music director of London's Royal Philharmonic Orchestra in September 1996. Vladimir Ashkenazy resigned the post in December when he heard that the orchestra was negotiating with Gatti. Gatti. 32, is also principal guest conductor of London's Royal



PEOPLE

A plea from Richard Attenborough.

Opera. Covent Garden. He was appointed music director of the Accademia di Santa Cecilia in Rome in 1992.

Rudolf Nureyev's islands have been sold to developers who want to turn them into a vacation spot. The Li Galli archipelago, just off the Amalii coast in southern Italy, was purchased from Nureyev's estate for about 5.5 billion line (\$3.4 million), according to Italian news reports. Residents of Positano. a few miles from Li Galli, had petitioned the government to purchase the islands and establish a dance school and a museum dedicated to choreographers there.

A year shy of his 100th birthday, George Burns was reunited with Gracie Allen at a Los Angeles intersection that bears both their names. "It's nice to be here, nice to beyou're 99 years old, it's nice to be any place," Burns said at the dedication of the street named for his wife, who died in 1964. · 🗆 * - ×

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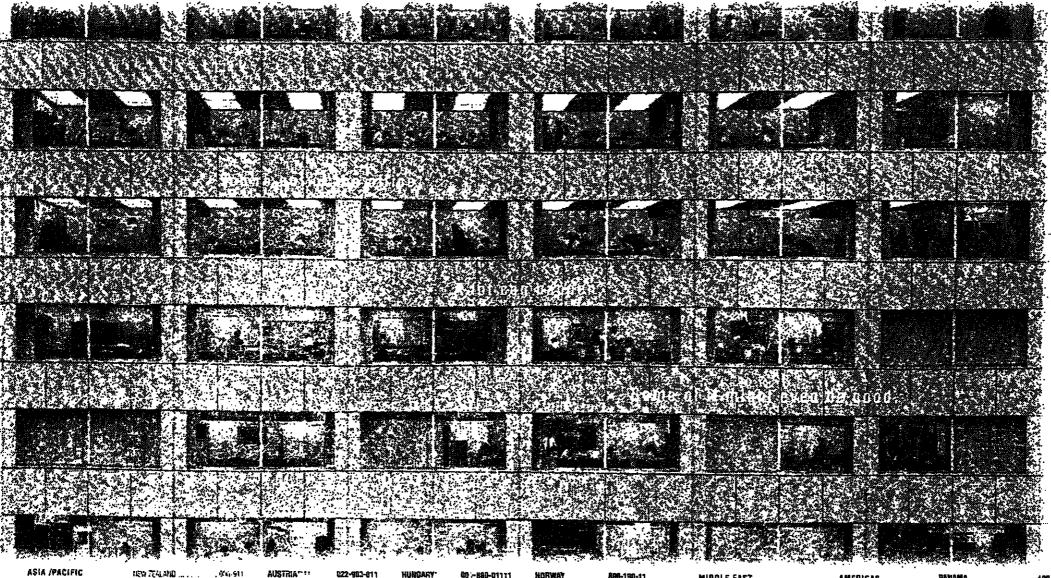
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Cindy Crawford will begin working with William Baldwin next week on her first film. called "Fair Garne." "It just felt like the right time to take that chance," the model said. But she admitted feeling apprehensive about her first attempt at acting, for whichshe has been coached for three months.



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